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CURRENT HISTORY

JANUARY 1936

A Program for Republicans

By THEODORE CHRISTIANSON*

ONE of the political comments currently heard is that the Republican party needs a leader. A dozen men, more or less, have been led in review before the American public, with the thought that among them might be one who would appear strong and adroit enough to cross swords successfully with the winner of the 1932 match.

In view of the rather well-founded suspicion that in the last contest the judges decided as they did not because they liked the winner more but because they liked the loser less, it is possible that the managers now laying the plans for 1936 are too much concerned about a candidate. Perhaps they overlook the importance of factors that may be more decisive in the forthcoming encounter.

Signs are present that as in many former campaigns the Republicans are putting undue reliance on emotion as a guarantee of victory. To that end old slogans are already being rehearsed, and the glories of past achievements recalled. It is true that psychology is important; but those who employ it must make sure that the methods used are suited to the temper of the voters they seek to influence. Battle cries have a way of becoming outmoded.

There was a time when the Republican party could win elections on the plea that it had freed the slaves and saved the Union. The present generation takes the Union for granted, and many of the descendants of the emancipated Negroes, struggling with economic and social problems of their own, are wondering what kind of slavery they have been freed from.

After the issues of the Civil War had begun to lose their appeal, the Republican party continued in almost uninterrupted control at Washington by pointing to the coincidence that the panic of 1893 began with the second inauguration of Grover Cleveland and ended shortly after William Mc-

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Kinley's induction into the Presidency.

The "full dinner pail" was an effective slogan, although a dangerous one. It might have occurred to Mark Hanna, who is credited with its invention, and to later Republican strategists who made good use of it, that sooner or later hard times would come during a Republican administration. In that event a public taught to exaggerate the effect of political policies on economic conditions would naturally assume that the Republican party was the villain in the piece.

Perhaps the only thing that could have saved the G. O. P. from the fate of being hoist by its own petard would have been another "Democratic panic" severe enough to destroy what was left of the people's faith in the Democratic party. Such a panic almost came. A lagging heart during the first two years of the Wilson administration was a warning that another depression was near. But the World War shot adrenalin into the economic veins and postponed the threatened collapse. The events of October, 1929, and thereafter spoiled the "full dinner pail" as a trade-mark of the Republican party.

Obviously the Republicans cannot win the next election by using the old slogans, by reciting past achievements, or by attempting to reawaken the emotions of a generation ago. Nor can they win merely by offering a persuasive candidate, even if they find one who can out-talk and out-smile the present occupant of the White House. The strategy of 1936 calls for a careful selection of the terrain on which the battle is to be fought. It calls for a discriminating choice of issues. It calls for a realistic program.

It is a mistake to assume that the Republicans must attack every part of the New Deal. To do so would be poor tactics, for it would be paying too high a compliment. An administration that has been almost notorious for its inconsistency hardly deserves credit for complete consistency even in error. Furthermore, wholesale opposition gives the defender an advantage; it not only enables him to pick the issues, but to decide which side of each issue he will defend.

There are some New Deal measures which, although not flawless, have merit. The Federal blue-sky law and the act providing for the regulation of securities exchanges have helped to abate admitted evils. The Federal Deposit Insurance Corporation has restored confidence in banks among small depositors. The Home Owners' Loan Corporation and the Farm Credit Administration, continuing activities conducted during the Republican régime but expanded to meet emergency demands, have saved many homes and farms. These agencies and measures are so generally approved that they arouse no dispute.

A winning Republican platform must be more than a platform of negation. It must do more than call attention to Democratic derelictions, however numerous and serious they may have been. It must state clearly without straddling or equivocation what the Republicans propose to do when they return to power. It must disclose how they intend to deal with the major economic problems.

From the standpoint both of national economy and of the number of voters whose interests are concerned, agriculture and unemployment are the most important. The present administration has failed to see that these problems are interrelated. If it had understood the connection between them, it probably would not have

adopted acreage reduction as a permanent national policy.

One of the reasons why the cities have 10,000,000 unemployed is that during the decade of 1920-30 approximately 6,000,000 rural people moved to town. It is true that 2,000,000 of them have returned, but 4,000,000 remain. Industry, even with a revival of activity, cannot absorb the 10,000,000, and agriculture, while operating on a reduced acreage, cannot take back its 4,000,000. The result is a log-jam that cannot be broken without removing the restrictions on agricultural production. With the progressive development of the present farm program, more families will have to leave the land, more people will crowd into the cities to compete for jobs, wages will become lower and unemployment worse.

The Republican party will have to meet this situation realistically. It cannot do so by only repealing the Agricultural Adjustment Act. In fact, to promise to do so before putting measures for the effective rehabilitation of agriculture into operation would be fatal. It would be a worse mistake than the one the Democrats have made.

The administration's fundamental error was not in giving the farmer such temporary relief as AAA affords, but in regarding a measure that at best is an emergency device as a final answer to the farm problem. Republicans must insist that AAA is inadequate, since it does not solve the farm problem, but admit that it affords a breathing spell while a solution is found. If the Republicans will take that stand and contend that if the AAA is continued as a permanent policy it will destroy agriculture instead of saving it, they will seize an impregnable sector on the 1936 battlefront.

The administration is vulnerable, for it has done nothing to rectify the condition which made a temporary acreage reduction necessary. It has neutralized the withdrawal of millions of acres from cultivation by bringing millions of acres of irrigated land into production. It has permitted the American market to be flooded with unprecedented imports of food products from abroad. It has failed to act effectively to open export outlets for agricultural surpluses. By withdrawing from the London Economic Conference it blocked the most constructive effort that had yet been made to reopen the clogged channels of international trade. It has negotiated trade agreements, it is true, but these have in the main discriminated against agriculture in favor of industry. The most notable instance is the recent agreement with Canada, in which the interests of dairy farmers and potato growers were sacrificed in order to create an outlet for manufacturers of farm machinery.

Secretary Wallace tried to justify the Canadian treaty on the ground that opening markets for more industrial goods abroad would increase the capacity of the industrial worker to buy food products and would thereby help the farmer—an argument that has been met with cold scorn whenever Republicans have used it to justify the protective tariff.

American agriculture was established on an export basis, and it cannot become prosperous again unless foreign outlets are created to take the place of those which have been closed since the war. Let it be granted that we cannot expect, for some time, a full restoration of the European market. Europe's present debtor situation, her depreciated currencies and the fear of another war which has impelled almost every nation beyond the Atlantic to seek greater economic

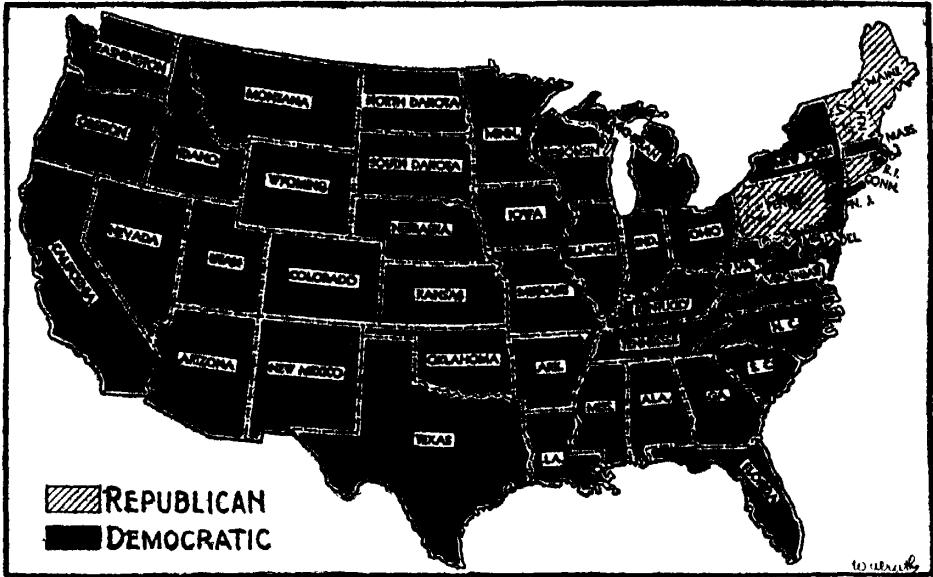
self-sufficiency—these are barriers that cannot be removed immediately.

James G. Blaine foresaw forty-five years ago that eventually a more nearly self-supporting Europe would force us to seek markets in other parts of the world. When the McKinley tariff bill was under consideration, he wrote a letter to the chairman of the Senate Finance Committee criticizing the measure because it did not contain a paragraph or a line that would "open the market for another bushel of wheat or another barrel of pork" in Mexico, South and Central America and the islands of the Caribbean. He declared that "our field of commercial development and progress lies south of us," cautioned Congress that if it placed the products of the countries to the south on the free list it would "close the door for a profitable reciprocity" against the United States, and advised raising duties as leverage for trade concessions.

The Republican party could do no better than accept, even at this late day, Blaine's wise counsel. It should advocate abandonment of the procedure by which Secretary Hull in star-chamber sessions is trading away vital American interests, and demand instead the essential features of the plan proposed by George N. Peek and rejected by the present administration. It should promise to repeal the Reciprocal Tariff Act, which is not reciprocal because concessions granted in agreements made under its authority extend not only to the contracting parties but to all countries that can claim a "most-favored-nation" status.

We are the world's largest consumer of coffee; let Brazil take our wheat, beef and pork in exchange. We use more rubber than any other country, and we import great quantities of silk, sisal, tea and cacao. We can wield a great leverage. Let the nations which produce these and other noncompetitive agricultural products find here a free market, but only on the condition that they accept in return such of our products as do not compete with theirs. Under such a scheme it should be possible to return to production a large part of the acreage that the Brain Trusters have withdrawn.

There are several types of mechanism by which such bilateral exchanges of commodities might be facilitated. One suggestion is that an import duty be imposed, for instance, on coffee, but that it be remitted if the importer presents vouchers showing exports of American farm products of equal value to the country from which the coffee came. Another plan contemplates the use of export debentures. The drafting of a specific formula is, however, a job for foreign-trade experts, not for politicians.

The post-war policy of continuing, by imprudent loans and other artificial means, an abnormal demand for our industrial goods abroad, while the home market was allowed to dry up, was, from the standpoint of industry's long-range interests, not only unwise but nearly disastrous. Society, originating in an agricultural economy, has been modified by industrial development, but the foundation of stable and enduring States has always been in the soil. Industrialism has brought America comforts and ease, but industry is obviously limited, in the long run, to the service of national needs. To industrialize the nation beyond that point, in an endeavor to spread industrial goods throughout the world, instantly puts our people in competition with the cheap labor of China and Japan. The exchange of agricultural surpluses with foreign countries must be considered as much sounder, when all the facts of the national economy

The Republican task: To reverse the Democratic landslide of 1932

are considered, than increased industrial development which will destroy the agriculture upon which the nation has grown strong and great.

The Republican party has the further responsibility of outlining in definite terms a fiscal policy which, while recognizing adequately every national obligation, will save the government and the people from financial collapse. A blanket promise of "economy" will hardly suffice, for that name has so long been taken in vain that it no longer carries conviction

There must be an end to deficits. That pledge involves a willingness to increase taxes and to reduce expenditures until income and outgo balance. Taxes are painful, and promises to raise them are not generally considered good political strategy. But I have enough confidence in the voters to believe that, when it is pointed out to them that the alternative of higher taxes is a continuing deficit, a mounting public debt and finally a runaway inflation, they will choose the lesser of two evils. I believe, too, that the disclosure that a year's revenue from taxes designed to "soak the rich" will support the Federal Government for only eleven days in the style to which it has become accustomed has convinced almost everybody that it is impossible to shift the burden of profligacy to a few, and that it is the common people who must eventually pay most of the bills of an extravagant administration.

Whenever anybody suggests retrenchment, the usual retort is: "You're not going to let people starve?" No party would let people starve; no party could. No government that failed to use its resources to relieve human misery would last long. The question is not whether the Republican party will let people starve but whether it will or can eliminate the abuses and extravagances that have crept into the administration of relief.

It can discontinue the wasteful practice of maintaining in each State

a politically motivated and hastily assembled relief organization that parallels a State Welfare Department already organized and functioning efficiently. It can insure the Federal Government against imprudent use of its funds, by distributing them among the States on the basis of the number of persons unemployed, making due allowance for seasonal and sectional differences in the cost of living. It can eliminate the discrimination by which some States have been required to carry a large part of the relief burden and others practically none. It can frankly recognize that the dole is no more demoralizing than make-believe work and costs two-thirds less.

Lewis W. Douglas, President Roosevelt's first Director of the Budget, has declared that $1,200,000,000 a year would take care of the actual relief needs of the nation. If he is right, it would seem that there is little justification for incurring annual deficits of $3,500,000,000.

Reorganizing the relief administration does not exhaust the possibilities for retrenchment. There might be an end to expensive experiments in the public ownership and operation of industries, an abandonment of Passamaquoddy and a suspension of irrigation projects until demand for farm products so nearly catches up with supply that it becomes no longer necessary to pay farmers for leaving their acres fallow.

There might be a cessation of the practice of making lump-sum appropriations for public works, with powers that permit the President to use money intended for other purposes to supplement regular appropriations for the army and navy and to add to the personnel and expand the activities of the regular government departments.

There might be a refusal to repeat such pump-priming adventures as PWA and WPA which, designed to revive industry by pouring out the people's money in lavish streams, must result instead in drawing capital away from productive enterprises and thereby prolonging the depression they were intended to cure.

In its 1936 economy plank the Republican party need not hesitate to be specific, for there is obviously sufficient material for a bill of particulars long enough to convince even the most skeptical that there can be retrenchment without taking bread out of the mouths of the unemployed.

While the most obvious result of recurring deficits is a public debt which, unless wiped out by inflation, will be felt sooner or later in crushing taxes, there are some more immediate consequences that are generally overlooked. Since these deficits are met by issuing tax-exempt securities, there is an attractive opportunity for the public to escape the risks attendant upon investment in private business. Thus the spending program, designed to revive business and promote employment, is one of the most potent factors in retarding recovery.

Imposing high taxes on incomes from private business, while exempting incomes from Federal, State and municipal bonds, can result only in keeping capital out of private enterprise and forcing it into government enterprise, thus handicapping economic individualism and promoting socialism. If socialism is sound it does not need this advantage, which the administration has given it in the Tennessee Valley and elsewhere. If it is not sound it should not have it.

Recently a well-known publisher announced that he was leaving California because his income tax, State and Federal, amounted to 90 per cent of his income. With tax-free State bonds available, yielding 2 per cent,

such a man could not afford to put money into any private venture that did not promise at least 20 per cent gross. It should be apparent that the practice of financing government expenditures by issuing tax-exempt bonds, especially when coupled with high income-tax rates, tends to maintain interest rates on long-time loans at a level that is out of line with general incomes.

The Republican party should pledge itself definitely to a reform which the present administration has publicly espoused but covertly blocked—a constitutional amendment permitting the taxation of income from Federal, State and municipal bonds. With such an amendment the Republican party would have the credit for removing the artificial factor that maintains interest rates above their natural level. Thus there would be a fairer division of the national income between those who labor, manage and take risks and those who merely hold a mortgage on the plant. This would be a sound "share-the-wealth" program—one that would stimulate business and revive industry by increasing the net buying power of the millions who are oppressed by usury.

The Republican party must take up again its battle against monopoly, begun many years ago and pressed vigorously by Theodore Roosevelt. If it does not do so, it will handicap itself in its attacks upon the major New Deal policies which accept monopoly as their essential ingredient.

If not the original AAA, at least all the little AAA's, including the Bankhead Cotton Act and the Warren Potato Act, employ the methods of monopoly. They limit the number of producers in the field, their effective capacity and the amount that each may produce for the market. The parent NRA and its first-born, the Guffey Coal Act, also follow the economics of scarcity, which is the economics of monopoly. Some of the NRA codes actually provided for price fixing; others legalized "understandings" that had been prohibited by the Sherman Anti-Trust Law. Price agreements were enforced by legal sanctions, the classic example being the jail sentence suffered by the luckless tailor who charged his customer 35 cents instead of 40, not suspecting that pressing clothes was interstate commerce and as such subject to Federal regulation.

A member of the Cabinet has declared that "America must choose." Perhaps the most important choice she will have to make is between free competition and a regimented economic order. In making that choice she must understand the implications. Experience with regimentation has shown that it leads to more regimentation. When government interferes in one field it causes upsets which make it necessary to interfere in another. Finally, the machinery of control becomes too complicated to be operated by a democracy, and a dictator takes the place of that debating society which is called Congress. The drift leads inevitably to a form of social organization in which political power and economic power are one. The pattern may be either fascism or communism.

It is fair to assume that the youthful adventurers who are steering the boat into dangerous waters do not expect to be caught in the currents which sweep toward Niagara. Their optimism and good intentions, however, do not lessen the real danger that we shall, unless we turn back, meet the fate that has overtaken others.

If we do not accept the New Deal, which is regimentation by the govern-

ment, what then? Can we trust the owners of the economic machine to operate it in the general interest? If not, can the machine function without controls?

Those who would allow the economic order to fall into the hands of a junta of capitalists are making as great an error as those who would turn it over to a junta of politicians. There is great similarity, in fact, between the philosophy which would let politicians merge economic power with political power, and that which would leave supreme economic power in the hands of a group of wealthy men who by reason of their control over the lives of the people can also wield supreme political power.

Concentration of business and industry, instead of serving the ends of capitalism, as most people assume, helps to destroy capitalism, for after an industry has been gathered into one unit, or a few units, it will be all the easier for the politicians of the future to substitute a soviet committee for the board of directors.

Happily America's choice is not necessarily between State monopoly and capitalistic monopoly — between the political and economic tyranny of a Brain Trust and the economic and political tyranny of a Money Trust. For a century or more we managed to get along without either, for we had competition, and with competition we did not need regimentation. Competition is capitalism's traditional regulator—the only regulator that man has thus far discovered that works. When competition ceased to be effective, capitalism became unstable and erratic, at once a capricious despot and the unwilling victim of bureaucratic interference.

The New Deal administration, trying to preserve capitalism by regimenting business and protecting monopoly, has only brought it nearer to its doom. Perhaps the Republican party, following the first Roosevelt, will accept the challenge to save capitalism by throttling monopoly and substituting competition for bureaucratic control.

The Year's Tangled Diplomacy

By FRANK H. SIMONDS*

THE closing weeks of 1935 saw spread before the world a panorama of international strife and national unrest unparalleled since the armistice. So vast in extent and so complicated in detail was this spectacle of rivalry and conflict, of clashing ambitions and of manoeuvrings for power, and so bewildering the shifts in combination and coalitions, as to make it well nigh impossible to appraise with exactitude events whose menace to world peace was nevertheless unmistakable.

In these December days war was actually in progress on two continents and visibly threatening on a third. In Asia Japanese troops were pouring through the Great Wall charged with the mission to create a new puppet State in North China carved out of the five northernmost Provinces. In Africa Italian troops were painfully struggling to overcome the triple obstacles of climate, terrain and native methods of warfare and create a new Roman Empire in another corner of the Dark Continent.

Inevitably, however, interest centred in Europe, where Fascist Italy stood at bay, menaced by the posse of the League of Nations, headed by Great Britain, and visibly balancing between launching a war of desperation against that nation and enduring a siege carrying with it the threat of slow strangulation by means of economic embargo. Concomitantly, Nazi Germany weighed uneasily the opportunities and the implications that a League war upon Italy must have for it.

Viewed in retrospect, it was already clear that the year 1935 had brought with it three major changes in the face of European affairs: (1) The coalition of great powers which, with American aid, had conquered Germany in the World War, had definitively disintegrated; (2) Great Britain had snatched from feeble and fumbling French hands the leadership of Europe; (3) Great Britain was patently setting out to make the League of Nations the basis of a balance of power policy in Europe and a status quo policy in the portions of the world in which British imperial interests were important.

Of these three transformations the disintegration of the wartime association of Great Britain, France and Italy had been the earliest. It had come without warning, too, because as late as the Stresa Conference in April those three nations had reunited under the threat implicit in German rearmament and appeared to be resolved to maintain the demilitarized zone on the Rhine and to preserve on the Danube the status quo of the Paris Conference. At Geneva in May, too, the Soviet Union had added its support to this combination as had the nations of the Little Entente.

Once again, Germany had seemed surrounded by a circle of steel. Morally isolated, still staggering under the impact of the great depression,

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the Nazi Reich stood condemned to weakness in the presence of the overwhelming strength of the Stresa front even when her ambitious program of rearmament should be achieved. On the surface, too, the European situation had seemed less fraught with immediate danger than for many months. In fact, the general situation had looked more promising than at any moment since the advent of Hitler.

Then with startling suddenness the British destroyed the Stresa front, aroused the suspicion of their French and Italian allies and gave the signal for a new race in armaments. The British action that produced these sinister results was the negotiation of a separate naval treaty with Germany which, on the one hand, permitted it to build a navy twice as large as that allowed by the Treaty of Versailles and, on the other, exacted the pledge that the German strength in various categories other than submarines should not exceed 35 per cent of the British.

The French and Italians thus beheld the British, who had joined them at Stresa and Geneva in April and June in condemning Germany's unilateral repudiation of the military clauses of the Treaty of Versailles, compounding a similar felony, in order to obtain for themselves in respect of Germany a naval ratio satisfactory to their own appraisal of their national needs. German statesmanship could, moreover, point with pride to its having broken through the circle established at Stresa and to its having dug a gulf between London and Rome and Paris. The distrust thus created in the mind of Premier Laval as to the motives and methods of his British associates was, moreover, destined to have evil consequences in the Ethiopian crisis now approaching.

The decline and fall of French supremacy in Europe had begun with the disarmament conference of 1932 in Geneva. There the refusal of the French to consent to any revision of the armament limitations imposed upon Germany by the Treaty of Versailles unless balanced by British commitments assuring the permanence of the territorial status quo in Central Europe had aroused British criticism on the ground that those limitations had been responsible in the end for Germany's position after Hitler's rise to power. French intransigence seemed in British eyes one of the major causes of the fall of the German Republic and the later withdrawal of Germany from the conference and the League as well.

Britain and France were thus momentarily estranged at the precise moment when Germany's departure from Geneva and announcement of a purpose to rearm without further concern for the Treaty of Versailles brought France face to face with the supreme crisis in her post-war history. Although defiant, Hitler was at the moment comparatively helpless, for if French armies were now to be sent into Germany all resistance could doubtless be crushed. It was the moment when German rearmament could be prevented. France had now either to strike or to become reconciled to seeing Germany rearm and regain its old position as the strongest Continental State.

From Warsaw and Belgrade—in fact, from the capitals of most of the Eastern European allies of the French—the same message reached Paris. Polish and Serb armies were ready to move with the French; Czechoslovakia was preparing to keep her pledges; Rumania was not less willing to do her part. Everywhere, even among diplomats in Washington, the hour was reckoned decisive and the news

of a French decision to move was awaited with eager confidence. But it was awaited in vain. France first wavered and then halted.

Where Italy and her possessions (in black) threaten the "life-line" between England and India

The explanation of this hesitation and weakness, by which France lost her primacy in Europe, was simple. Already the nation was torn by domestic political strife; the scandal of the Stavisky case poisoned the air; the passions that were to find expression shortly in the Paris riots of Feb. 6, 1934, were already loosed. Paralyzed by the rising tide of domestic unrest, French statesmanship could only stand idly by while the reins of power, held for more than a decade, slipped out of its hands.

The effects of this enforced renunciation were swiftly disclosed. Almost immediately Poland, long the chief French ally, made a non-aggression pact with Germany and passed definitively out of the French orbit. Simultaneously, French influence in the Little Entente began to crumble. In so far as Yugoslavia was concerned, it would sink almost to zero when King Alexander lost his life in Marseilles the following Autumn. Increasingly, too, Prague and even Bucharest would look to Moscow. In one word, the allies of France had begun to think only of saving themselves.

The "blood bath" in Germany in June, 1934, the putsch in Vienna in July, on the one hand, aroused British indignation, and, on the other, destroyed Mussolini's last hope of constructing a united front between Berlin and Rome. Thereafter relations between France and Great Britain became momentarily closer, while Franco-Italian disputes were gradually softened until in January, 1935, Laval and Mussolini reached a final settlement. But a rapprochement between Italy and France constituted a further cause of dissatisfaction among all the Little Entente States and particularly in Yugoslavia.

By midsummer, when the Ethiopian crisis became acute, French influence in Europe had touched the lowest point in post-war history. At home a clash between Fascists and Radicals, rising to the proportions of an actual civil war, became daily a greater possibility. Abroad Germany was arming without further concern for French opposition, and France's Eastern allies were looking either to Berlin or Moscow or weighing the comparative benefits of the German and the Soviet orientation. Only the Franco-Italian

partnership seemed firm, and it had become Laval's chief reliance as it was his sole achievement in foreign affairs.

The steps by which Great Britain mounted swiftly to European leadership and to the commanding rôle at Geneva still remain somewhat obscure. As late as June, 1935, it is clear that the Tory government still regarded the League of Nations with the same cool distaste that it had always felt. Even in early August, moreover, it still outwardly acquiesced in Mussolini's Ethiopian adventure. Those who were in England during the Summer report that the general British opinion was that Ethiopia was destined to turn out like the Manchurian episode —regrettable but beyond help.

The British peace plebiscite of June and the imminence of a general election forced Baldwin's hand. Some 11,000,000 Britons had voted for the League and more than 6,000,000 for military sanctions. The outcome of the next election plainly depended upon the decision the Tory government took in the Ethiopian affair, which constituted a direct challenge to the League. Thus, almost overnight, Baldwin changed from passive assent to open opposition. Anthony Eden was sent to Rome to tell Mussolini he must renounce his great enterprise. When the new Caesar, one foot already across his Rubicon, declined to heed Eden's warning, Sir Samuel Hoare went to Geneva to rouse the League against Italy and the British Home Fleet was dispatched to the Mediterranean to give effect alike to League actions and British purposes.

The British intervention at Geneva produced immediate and far-reaching results. Ever since the Manchurian episode the prestige of the League had been declining. The collapse of the Disarmament Conference had been a well nigh final blow. Despairing of turning it to further use as the guarantor of the status quo in Europe, because of the British veto, the French had retired from Geneva, which they had long dominated, and had sought security in their several bargains with Moscow and Rome.

Nevertheless, the League remained what it had always been, namely, a potential force in the hands of any great power that was ready to give its support to the principle of security achieved by collective action. Whereas the great powers, from start to finish, had seen in the League only an instrument to serve their own interests and had used or rejected its machinery as it served their own ends, all the smaller countries had from the outset regarded it as an agency of incredible value to themselves. The League was, in fact, both a forum in which they could make their voices heard and, perhaps, an association of nations whose combined strength would fortify them against attack by more powerful neighbors. Thus not merely the neutrals of the last war—for example, the Scandinavian States, Holland and Spain—but the succession States and the nations of the Little Entente, in particular, welcomed the creation of the League and sought always to strengthen it.

While France dominated Geneva, her strength had rested upon the support of the smaller States that feared Germany or Hungary. When, France having gone, Great Britain stepped into the breach and undertook to defend Ethiopia in the name of Geneva, every small State on the Continent hailed the British action and most of them rushed instantly to the support of Great Britain. Even the Soviet Union, now under the direct and double menace of Japanese plans in the East and German designs in the West,

rallied to the British side. In effect, therefore, Great Britain became the champion of the status quo in Europe and all the satisfied but threatened peoples stood behind her—all but France.

France suddenly found herself torn between the conflicting purposes of the two countries upon whose support she now depended for her own security. To her the Italian army and the British fleet were equally essential for safety, and a quarrel between Britain and Italy would mean bestowing upon Germany an incalculable opportunity. Desperately the Laval Cabinet, therefore, strove to prevent an open break between London and Rome. Inevitably, however, France was towed after Great Britain, because she was a member of the League and the law of Geneva was unmistakable. Italy had been guilty of an aggression; the pledges taken by the member countries bound them to support a victim of aggression; France was a member nation.

Laval's hesitations and vacillations completed the destruction of French prestige and influence in Europe. At home, the Right, which championed Italy, and the Left, which stood with Great Britain, again clashed. Abroad, the British dispatched the brutally frank warning that failure to stand with them now would mean the end of Locarno and the absence of their support if and when Germany undertook to reoccupy the demilitarized zone on the Rhine or to destroy the territorial clauses of the Treaty of Versailles elsewhere. Step by step, therefore, reluctant and protesting but in the end condemned to yield, the French gave ground until they had at last not merely agreed to all forms of economic sanctions but promised to stand with the British if these sanctions led to an Italian attack.

The British were thus once more masters of Europe; in fact, not since the days of Castlereagh and Wellington had their prestige stood so high. On the other hand, they were confronted—and still are as these lines are written—by the Italian problem. With the dispatch of the British home fleet to the Mediterranean, Mussolini had been put in a situation in which he must either obtain a face-saving settlement in Africa or surrender on terms fatal to his own prestige, to the Fascist régime and to the pride of Italy as a first-class power. But any sacrifice of Ethiopian territory to satisfy Italian necessities constituted a betrayal of the principles of Geneva, which Britain had now championed uncompromisingly.

The real question, however, went far deeper. Little by little the British had been brought by events to perceive that Fascist Italy, which they had taken lightly, had become not merely a strong nation but also one inspired by ambitious dreams. When the home fleet had been sent to the Mediterranean the British were still under the impression that Mussolini was bluffing and that this sharp stroke would call his bluff. But when he responded by sending divisions to the frontier of Egypt and concentrating air squadrons to threaten Malta and Cairo, then at last the British realized that they had underestimated the significance of the Fascist phenomenon.

Was it necessary then to crush an Italy, unexpectedly strong and led by a dictator obviously determined, or could a nation now fanatically flaming with anti-British emotions safely be left intact, occupying a position and possessing military and naval resources which at a later date it might turn to advantage if Great Britain were menaced either by a Japanese

advance in Asia or by a German challenge in Europe? Already Japan was seizing the opportunity provided by British preoccupation in the Mediterranean to carve out a new sphere in China and was pressing southward to the valley of the Yangtse, which had long been a British preserve. The very implications of the British stand at Geneva, too, must, unless Britain were to be guilty of patent hypocrisy, compel her to oppose German aggressions either in the east or the south of Europe and halt the Japanese advance in Asia.

Sooner or later, therefore, it would be necessary to reckon with the possibility of a combined offensive of Japan and Germany. Indeed, once the Ethiopian affair were liquidated, it would be impossible to neglect longer the ever-expanding Japanese aggression in Asia. When that moment came the burden of the task would rest upon the British and the chance for German aggression in Europe would be plain. What more likely than that Berlin and Rome would find a basis for cooperation in such a crisis, if Italy were permitted to emerge from the present crisis unscathed and irreconcilable? If, moreover, Italy did escape with even a tiny margin of profit, was it not certain that this fact would be an encouragement to the others?

Was it not safer to smash Italy once and for all, either to wreck the Fascist régime by forcing it to endure humiliation without precedent or to drive Mussolini to a war of suicide which would erase Italy from the ranks of great powers for a generation? On the other hand, both courses almost inevitably meant that Italy would collapse into communism. Precisely the same outcome must be looked for in any future attempt to subject the expansive National Socialism of Germany to the same coercion now being exerted upon Italy. At any moment, too, a civil war in France, bound to be hastened by any act of violence by Italy, would, if the Germans were to seize the opportunity, leave the British with no other ally than the Soviet Union.

In Great Britain, Labor was all for smashing Italy, because it saw in the destruction of the Fascist system the prelude to the similar destruction of the Nazi régime, and in fascism generally British Labor saw the supreme enemy to trade unionism. The British Tories, however, were divided. The younger men led by Eden were also out to crush Mussolini and ready to go to any length to accomplish this end, but older and perhaps wiser heads influenced by the financial leaders dreaded the effect upon Britain of a new war and feared the consequences for all Europe of Italy's descent to communism. Nor were they unaware that the prolongation of the period of strain in France might result in an explosion that would disable that country for an indefinite future. Imperially minded, these Tories were also conscious that to drive Italy to war was to play the Japanese game to the limit.

Such, in brief, was the European picture as 1935 ended. The fate of Italy, and, in fact, of Europe, was in British hands. The Baldwin government, by reason of its newly acquired ascendency at Geneva, was certain of sufficient support from the smaller European States to impose any sanctions it might choose upon Italy. It was equally assured of French and Yugoslav support, if Italy had recourse to a "mad dog" procedure. The restoration of King George in Greece, carefully fostered from London, had put Greek ports at British service.

Turkey, mindful of ancient Italian designs upon Adalia, was equally complaisant.

In the same way the Soviet Union, on the one hand fearful of a German purpose to imitate in the Ukraine the Italian performance in Ethiopia, and, on the other, incredibly heartened by the spectacle of Western capitalistic countries about to indulge in another war with one another, was bound to back the most drastic policies the British might propose at Geneva. Austria and Hungary, to be sure, hung back from various sanctions, as did Switzerland, but pressure upon all three could be exerted through the League and by means of British finance, though their economic importance was relatively small.

Germany, of course, remained a riddle. But Germany was in the midst of a terrific deflation crisis and was, at the same time, just changing her professional army into a conscript force. For two years she would be in no position to risk a war on the grand scale. She was, moreover, dominated by the Hitler illusion that an alliance with Britain was possible and that, thanks to such an alliance, she would one day receive British permission to march into the Soviet Union and abolish the Communist régime. Finally, for her own rearmament, Germany needed all that she could buy or produce. Only coal was available for export and coal Germany would and did send to Italy.

Beneath the surface, however, there were not lacking signs that the German official mind was becoming increasingly disturbed over the implications for the Reich of the British course. Nor did Berlin ignore the fact that, as France perforce became ever more compliant with British decisions against Italy, association between French and British naval and military chiefs became correspondingly closer. Thus Berlin showed a measure of encouragement to direct French advances as the trapped Laval tried to escape from his British chains by arriving at a separate understanding with Germany. From London, however, Paris received the significant warning, "Go as far as you like in your German conversations, but remember, let us see any agreement before you sign it."

In the end, of course, the European situation in December came down to a trial of strength between Tory England and Fascist Italy. If Baldwin finally resolved that British necessities required the crushing of Mussolini and the destruction of the Fascist régime in Italy, he was now assured of the support of the greater part of Europe while his recent electoral triumph had consolidated his home front. As for Mussolini, he was caught between the Fascist Italy he had created and the Tory Britain he had alarmed. If he capitulated, he would disappear; if he continued, he courted destruction.

The very fact of the Anglo-Italian clash was, moreover, producing manifest changes in the orientation of policies and purposes in the Danubian Basin. Unquestionably Yugoslavia was turning to Germany as Hungary had long ago turned. In both countries the eventual rise of a new Mitteleuropa, politically and economically dominated by Germany, was accepted as inevitable. Italian disaster or disgrace, too, was accepted as bound to be a brief preface to German triumph in Austria. As Masaryk made way for Benes in Czechoslovakia, Prague was negotiating with Moscow for the support of Soviet air forces in case of a German attack. Concomitantly, the German minority in Bohemia and Moravia was making new progress

toward a unity that was designed one day to invite Nazi intervention, while Poland was significantly pressing its old quarrel with the Czechs in Silesia.

In reality, with the effacement of France and the entanglement of Italy with Great Britain, Central Europe had become the battlefield between Moscow and Berlin, and instinctively the smaller States were balancing the alternative between continued reliance upon the League of Nations, now at least temporarily revitalized by the British, and overtures in Moscow or Berlin, as their necessities dictated. The burden of well-informed advices in Washington in December was, too, that if Italy and Great Britain went to war over the Mediterranean issue, conflict between Germany and the Soviet Union would follow within a hundred days. By contrast, if London and Rome reached an agreement, the conviction was general that for one year at least and for two at most, Europe might enjoy a precarious peace.

Turning from Europe to Asia, we find that precisely as the Japanese had taken advantage of the political and financial crisis which had been precipitated in Europe in 1931 by the proposed Austro-German tariff union to embark upon the Manchurian adventure, so the Anglo-Italian episode had provided the opportunity for the later attempt to carve still another group of Provinces from China and erect another puppet State like Manchukuo. The Japanese purpose to control China politically as well as economically was thus unmistakable.

Ultimate proof of this purpose was, moreover, disclosed early in December at the London Naval Conference, when the Japanese made demands for the neutralization of the Philippines and for parity in naval forces and disclosed a resolution to establish overwhelming tactical superiority in Asiatic waters. This determination was the final answer to Mr. Stimson's attempt in the days of the Manchurian crisis to effect a common front between Great Britain and the United States and thus to defend the independence and territorial unity of China. Worried by that endeavor, which, of course, came to nothing, the Japanese were now seeking a naval force sufficient to retain supremacy in Chinese waters over whatever combined strength the United States and Great Britain could concentrate in the Pacific.

If, moreover, British strength were completely occupied in the Mediterranean and home waters, the United States would be left to face Japan alone. In such circumstances there was no disguising the fact that all British hopes were centred in the possibility that American-Japanese rivalries would again become so acute as to occupy Japanese attention and to arrest Japanese advance toward India and Australia until British hands were again freed of European responsibilities. In the Soviet mind, too, the promise of fresh bitterness between Washington and Tokyo was accepted as the one prescription for security of Russia's Maritime Province on the Pacific.

It was, moreover, with the Asiatic situation in mind that London with increasing earnestness invited Washington to give its aid to the League sanctions against Italy and thus, as the British insisted, hasten the termination of a European crisis which, while it lasted, was bound to bestow a free hand upon Japan in Asia. But just beyond the horizon there visibly lurked the prospect of a League war upon Japan, for if Italy were punished, Japan could hardly be spared.

New York's Fighting Mayor

By T. R. CARSKADON*

THE Mayor of the City of New York can play the cornet, cook spaghetti and fly an airplane. He is a scant 5 feet 2 inches tall, looks like a roly-poly edition of Napoleon, and used to hang a picture of Rudolph Valentino in his Congressional offices in Washington. He has championed more unpopular causes than any other man in our time, with the possible exception of Clarence Darrow; he has flouted every regular political organization that attempted to support him, and he presides today over the metropolis of the Western Hemisphere.

What kind of man is this? Fiorello H. La Guardia is an American original. Where he goes, turbulence follows—and he will tackle anything. He has physically attacked Tammany election thugs, Congressional committeemen and the Austrian Army. For all his volatility, versatility and irascibility, he is capable of great tenderness, and he has a deep and abiding love for children. They understand him instantly, and if it were left to the children he would be elected President tomorrow.

La Guardia has repeatedly demonstrated his abilities as a campaigner and vote-getter. He is one of the few men who have succeeded in attaining national reputation while serving in the House of Representatives, and his present position as Mayor of New York has brought him into still greater prominence. In the course of his career he has been officially endorsed and officially denounced by every major political group in the United States. A study of the policies he has advocated would seem to place him somewhere short of the La Follette brand of militant progressivism. The real radicals won't have anything to do with him and the conservatives will accept him at a pinch.

The son of an Italian immigrant, he first saw the light of day—and a murky glimpse it probably was—in a tenement on the lower East Side in New York City. That was in 1882. The parents were newly arrived from Foggia, Italy, and this was their first-born in the new land of hope and promise. They looked down at those flashing black eyes, looming so big in the tiny, wrinkled mite, and with the effulgent piety of their race they named him Fiorello — "The Little Flower."

Achille La Guardia, the father, was a bandsman, and a good one, trained in the exacting European school. He soon joined the United States Army as a bandmaster and was sent to an army post at Fort Whipple, Ariz. It was here that Fiorello Enrico—the middle name was later Anglicized to Henry, and hence the "H." in the present name—spent his boyhood. He learned to ride the wild mustangs of the plain and announced his intention of becoming a cowboy when he grew up. Father said "No," flatly and finally. Fiorello was to become a second Sousa. Thus the desert air was split with burgeoning toots on an in-

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strument that was known universally in that day as a silver cornet.

Ultimately Fiorello completed his course in the Prescott High School, and at the age of 19 went with relatives to Budapest. The American consular service was expanding at this time—the great tide of South European emigration to the United States was reaching its crest—and young Fiorello was offered a job. He accepted with alacrity, serving successively at Budapest and Trieste, until at the age of 21 he was named American Consul at Fiume.

La Guardia, finding himself adrift in the confused babel of languages that flowed through an Adriatic port, set out to learn them. He started with Italian, which he had not learned in his own home, and progressed through French and German into a fair competence with some of the Serbian and Croatian dialects. His consular career reached its climax in 1904 when, for humanitarian reasons, he flatly denied a request of the Archduchess Maria Josefa, who wanted 500 emigrants herded on shipboard five days in advance of sailing in order that she might bestow her bon-voyage blessing on them while she was passing through Fiume. After this incident both La Guardia and his superiors agreed that a career in the consular service was not for him.

He returned to New York and worked as interpreter for the immigration service at Ellis Island. While making a living by his knowledge of languages he picked up still another one Yiddish—that is extremely useful in New York politics. An interpreter by day, a law student at night, he was admitted to the bar in 1910. His office was set up in the polyglot lower East Side, where, so quick and warm were his sympathies, so ardent his championing of the under dog, it became a sort of sanctuary, chapel, marriage bureau, infirmary and unofficial court of human relations for his crowded and frequently miserable neighbors. Characteristically, in a city dominated by Tammany Democrats, La Guardia joined the Republicans.

The story of his entry into active politics has become legendary in New York. A harassed city leader of the Republican party, making up his Congressional slate in 1914, telephoned to the local political club in the Fourteenth district and asked who would be the goat. The Fourteenth district included the Bowery and adjacent territory, and no Republican had been known to carry it since the days of Peter Stuyvesant. The local man fumbled and hrrumphed, while the uptown leader insisted that some name had to go on the slate. Finally, a bright-eyed young lawyer of the neighborhood, who happened to be in the club, spoke up, "I'll take it." The local chieftain looked at him with gratitude and relief.

"Put down Fiorello H. La Guardia," he bellowed into the mouthpiece. "Put down what?" "Fiorello H. La Guardia." "Spell it."

The name was eventually recorded with all the vowels and consonants in their proper places, and a campaign was launched. La Guardia did not win, but for the first time since the Society of Tammany erected its wigwam on Manhattan Island the local braves realized they had a fight on their hands. Two years later, in 1916, La Guardia achieved the impossible when he was elected to Congress.

He took his seat in that solemn and extraordinary session before which Woodrow Wilson appeared to ask for a declaration of war. It was a time to torture the soul, and a mere handful in each house of Congress brought on themselves the bitterness of denuncia-

tion as they held back from plunging America into the carnage of Europe. The overwhelming majority, carried forward by patriotism, idealism and the supercharged emotionalism of the moment, voted for war, and with them was the young Representative from New York's lower East Side. Once in the war, he believed in seeing the thing through. He voted for the emergency appropriations, he voted for the draft. Then, finding himself 34 years old, unmarried, sound of body and of a military age, he waived his Congressional immunity and went off to join the army.

Because of his height, La Guardia was refused at the Officers' Training Camp at Plattsburg. He went to his friend Giuseppe Bellanca, pilot and designer of airplanes, learned to fly, and eventually won a commission in the air corps, where his small size, if anything, might be considered an asset. When his training was completed he was given command of a detachment of aviation cadets and dispatched to Italy.

He arrived soon after the Austrians had broken through at Caporetto; Italian morale was at its lowest point. La Guardia, who could speak to the Italians in their own language, bringing them a message of hope and telling of the boundless help that was on its way from America, was called upon by the American Ambassador to make speeches in Genoa, Milan, Turin, Bologna, Venice, Rome and other cities. He did valiant work in the spiritual and material rehabilitation of Italy that led eventually to a smashing victory for the Italian armies under Badoglio in the Summer of 1918.

La Guardia also saw extensive service on the fighting front. His unit of American aviators, attached to the Italian Army, he led in dangerous reconnoissance and combat duty over the Austrian lines. His plane was nicknamed "The Congressional Limited," for he was a member of the American Congress and his observer was a member of the Italian Parliament. After collecting two stripes for wounds received in plane crashes he attained the rank of Major and was awarded the Italian War Cross and other military decorations.

Major La Guardia, returned war hero with a brilliant record, was endorsed by both Democrats and Republicans. His re-election to Congress in 1918 then became only a formality. Once the hero had resumed his seat, however, he showed himself anything but a militarist, for he was the chief opponent of the grandiose plans for a large standing army and huge navy that were put forward immediately after the war, and he hammered away until both organizations were brought down to more normal size.

In 1919 the regular Republican organization in New York City recalled La Guardia from Washington and induced him, for the good of the party, to run for President of the Board of Aldermen to serve out the unexpired term of Alfred E. Smith, who had gone to the Governor's Mansion at Albany. It was a wise choice, for La Guardia was the first Republican to be elected to a city-wide office since the Fusion administration of John Purroy Mitchel. In 1920 Smith was swept out of office in the Harding-Republican "back-to-normalcy" landslide and Nathan Miller succeeded him. La Guardia, expected to be a Republican strong man in the city administration, showed his traditional independence by deciding each issue on its merits. Frequently he found himself siding with Mayor Hylan against Governor Miller. Needless to say, the Republicans were not too well pleased.

When the elections of 1922 arrived La Guardia wanted to return to Congress. But he had fought the Republican city machine in 1921 in an unsuccessful attempt to gain the nomination for Mayor, and the party was loath to give him the Congressional nomination. Only when he threatened to run for Governor did the leaders give in. He managed to win the election, with the aid of some extremely picturesque campaigning among the variegated races in the upper East Side district, including a section of Harlem, into which he had moved and where he has resided ever since. In 1924, when La Guardia came out for La Follette, the Republicans repudiated him completely. He countered by accepting Socialist and Independent endorsement, squeezed through on a microscopic margin, and from then until 1932 was regularly re-elected to Congress. His nominal political designation was Independent Republican.

The La Guardia record in Congress is one of the most colorful in the legislative history of the United States. One of the earliest, most persistent and daring of the opponents of prohibition, he exposed graft, inefficiency and injustice in its enforcement at every possible opportunity. His Latin sense of the dramatic never deserted him, and he was capable of publicly mixing a legal near-beer with a legal malt tonic and thus making a palatable, foaming brew of highly illegal 2.84 alcoholic content and defying enforcement agents to arrest him. He attacked utility magnates, money-grabbing foreign sovereigns and dishonest American judges with zest and deadly aim. He was relentless in his scrutiny of every appropriation bill that came along, and on the monthly "Calendar Wednesday," when by Congressional custom members of the House dispose of minor appropriation bills by the mutual back-scratching method of unanimous consent, La Guardia would not leave the House even for lunch. He would sit there munching peanuts, and if any item sounded at all suspicious to him, he was on his feet with vigorous, telling objection.

La Guardia never minced words. He gave names, dates and addresses in the face of threats of political reprisals, removal from office and bodily injury. He carried on a long and ultimately successful fight for an anti-injunction bill that abolished the hated "yellow-dog" labor contract; he fought for old-age pensions, national unemployment insurance, a Federal employment bureau, the five-day week and employers' liability laws. Perhaps his most brilliant fight was his almost single-handed defeat of the proposal for a Federal sales tax. When this was brought forward in 1932 in a frantic effort to balance the budget with a joint plea from the Republican Secretary of the Treasury and the Democratic Speaker of the House, La Guardia erupted. "What is this—a kissing bee?" he asked.

Some of his more prophetic stands included opposition to post-war loans to the Allies, which, he insisted, would never be repaid, and opposition to the Mellon tax-reduction program, which, he said, was based on a boom that was purely illusory. In the last Congress of which he was a member, the seventy-second, he advocated higher income and inheritance tax schedules. He was the House sponsor of the lame-duck amendment and the Norris bill for government operation of Muscle Shoals.

In the elections of 1932 Tammany, resentful over La Guardia's endorsement of the Seabury investigation that led eventually to the resignation of Jimmy Walker, succeeded, with the aid of a terrific anti-Republican tide, in defeating La Guardia for Congress.

A year later, however, La Guardia led the Fusion-Reform movement that grew out of the Seabury revelations of Tammany corruption and won a clean-cut victory for Mayor.

He was now placed in the first large-scale administrative job of his career. He had enjoyed fighting in Congress the spectacular, lone-wolf battles that once brought him the sobriquet of "the one-man grievance committee of the nation," but now he had a different task. He must administer municipal machinery of terrifying size and complexity. He must conciliate and consolidate, weld some kind of effective organization out of the diverse elements so hastily thrown together in the Fusion campaign, rescue New York City from the unbelievable morass of inefficiency, corruption and bankruptcy into which Tammany misrule had plunged it.

The general opinion in New York today, as it looks upon La Guardia at the half-way mark in his term of office, is that he has done his job pretty well. He has been handicapped from the start by the fact that the election which put him in office was by no means a complete Fusion victory. Not only did Tammany retain a majority on the Board of Aldermen (although Fusion, until the death of Bernard S. Deutsch in November, 1935, controlled the Board of Estimate, the fund-expending and, roughly speaking, upper and more powerful house of the city's bicameral legislature) but Tammany also retained such vitally important offices as those of the Controller, the Borough Presidents of Manhattan and the Bronx, and the District Attorney of Manhattan.

La Guardia did restore the city's credit. To accomplish this he had to resort to the very sales tax that he had fought so bitterly in Congress, excusing his inconsistency on the grounds of extreme emergency. He has made some excellent appointments, such as Robert Moses as Commissioner of Parks, Paul Blanshard as Commissioner of Accounts, A. A. Berle as City Chamberlain and Langdon Post as Tenement House Commissioner. With his Commissioner of Correction, Austin H. MacCormick, he has done his best to clean up the appalling depravity and corruption of the city's prison system. With his Commissioner of Markets, William Fellowes Morgan, he has campaigned to eliminate grafters and extortionists, and he has enthusiastically supported the Dewey Committee in its efforts to break the hold of the organized gangster on the metropolis.

New York is a cleaner, fresher and better-governed city since La Guardia took office, but there is a tremendous distance still to go. Tammany retained not merely a toe-hold but a good, strong hand-hold in the elections of 1933, and came back in the elections of 1935 to wipe out practically the entire Fusion representation on the Board of Aldermen, and, with the death of Deutsch, to regain control of the Board of Estimate as well. This gave Tammany legislative control of the city, but it also put La Guardia in the position that he knows best and in which he is most dangerous—that of minority leader. The Tammany Tiger walks warily indeed in opposing La Guardia in public, but it carries on a ceaseless campaign against him in ward and precinct, in back-room and political club, by the time-honored methods of small personal favors, the "fixing" of law violations, occasional food baskets and loans, and the judicious distribution of patronage.

Placing La Guardia at the head of so large an enterprise as a municipality of nearly 7,000,000 people, with an annual balance sheet of $800,000,000, has brought out some of his weaknesses, as well as his strength. Unquestionably hasty and short-tempered on occasion, he has sometimes turned in quick fury to attack the friends upon whom he should rely. He has been accused of unwillingness to trust subordinates, of unnecessary meddling in affairs that should be left to his department heads. Delegations that have called upon him in good faith but with possibly extreme demands have sometimes received nothing less than an unceremonious bawling out from an irate Mayor. He has engaged in regrettable disputes with Governor Lehman, with Major Gen. John F. O'Ryan (his first Police Commissioner) and with Park Commissioner Moses—where he has met his match in temperamental outbursts. Sometimes he has been forced to make public apology, as in the case of his denunciation of the Bronx political chieftain, Edward J. Flynn, when it was an entirely different Flynn who was involved in the case La Guardia mentioned.

The Mayor's handling of relief, a gigantic and vexing problem in New York City, has aroused opposition in some quarters, especially among the Communists and extreme radicals. Conservatives, on the other hand, are up in arms over his unrelenting hostility to the public-utility interests, and his proposal for a municipal power plant. He has not had any particular success in giving unity and continuity to the Fusion forces that elected him (no predecessor ever was able to accomplish this, either) and practical politicians accuse him of a temperamental inability to build up or work with a really effective organization.

Whatever his shortcomings, it is universally recognized that La Guardia is a warm-hearted human being. He leads a quiet and happy home life with Mrs. La Guardia, who was his Congressional secretary when he married her, in 1929, and who remains one of his most trusted advisers and helpers, and the two little girls they have adopted. He likes to invite friends of diverse intellectual and artistic interests to his home for an evening of general discussion, and on special occasions he will don a chef's cap and produce for them a plate of spaghetti that would please a gourmet's taste. He is genuinely fond of music, and often in the midst of great public uproar over some political question he will slip away to a symphony concert, sitting in the balcony without fuss or fanfare.

A curious mixture, this La Guardia. His reactions to any given subject are intense, personal and unpredictable. Yet he has one quality that is never denied—even his most bitter enemies will admit that he is honest. Though Mayor of New York today, he may not be tomorrow, for it is the melancholy history of Fusion-Reform administrations in New York City that they never last beyond a single term. Still, La Guardia is one of the best rough-and-tumble campaigners in the country, and if any man is capable of carrying this administration into a second term, he is that man.

In the Blue Grass Country

By FRED C. KELLY*

A BOOKLET issued by the Louisville Industrial Foundation to set forth the advantages of Kentucky's leading city, for the purpose of attracting new industries, gives the impression that here everything must be so lovely that there can be little excuse for want. Every man, woman and child, it is implied, should be sitting on top of the world.

Yet in the midst of all these opportunities for great prosperity, for enough wealth, perhaps, to give everybody a decent living, one finds serious poverty. Putting down the booklet just referred to and picking up a morning paper, one may read this statement from a city physician for charity cases:

"I see children, day after day, ill because they do not get enough to eat or the right sort of food. I cannot prescribe medicine when what they need is nourishment. Their resistance is lowered and they are easily susceptible to infections. I am not blaming any welfare agency or any one, but you cannot stand idly by and see women suffering and children starving."

At the same time one may hear of bakers burning their bread after it grows stale, because people do not have the money to buy it.

Doubtless Louisville's economic situation is no worse than that in other American cities, but here in this rich territory there seems to be less excuse for poverty than in many other places. Moreover, Kentucky is noted for the charm and hospitality of its people; they are not the kind that would be expected to condone poverty or suffering. Nevertheless, these charming people are highly conservative. Kentucky was shocked at first over the idea, years ago, of giving up toll roads, and having its highways publicly owned.

One Kentuckian remarks: "While our well-provided classes are conservative, the most ill-provided classes, including many small farmers, are almost savagely individualistic, and content with anything so long as they can do as they please. They are content if they can tell the world to go to hell, even if the price is economic hell."

"We have a marvelously fortunate situation here," says a business man, "in that 97 per cent of our population is American, and we have great freedom from labor troubles." I wonder if this situation is wholly desirable. Can it be that our American stock has developed softness and too great a willingness to suffer? Might not labor trouble, if it succeeded in raising the whole purchasing ability of a community, benefit everybody, including employers?

The trouble in Louisville cannot be blamed on the city government. It not only is not a badly governed city but is probably exceptionally well governed. The Mayor, young Neville Miller, who, until he took office in November, 1933, was dean of the Law School at the University of Louisville,

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is a man of integrity. So well is the city governed, indeed, that its bonds are selling above par. Early in his term Mayor Miller told the Federal Government that while Kentucky had failed to make any contribution to relief work, Louisville was prepared to do its part. He declined to give the local gas and electric company renewed franchises, awaiting developments in the Tennessee Valley power situation. The best he would let them have was a two-year contract. Louisville has its own waterworks and the plant yields enough profit, even at a low rate, to help carry other city expenses.

No, poverty in Louisville is not the fault of the local government. Since Louisville contains almost one-eighth of the population of the entire State, parts of its problems are naturally State problems. Moreover, infinitely worse poverty exists in rural sections of Kentucky. The trouble, then, must lie with the State government. Representative citizens when asked about this admit that it is bad, but they are vague about the causes. The "representative people" in any community never seem to know what is going on. I therefore began to talk with politicians—many of them. They have no illusions, no inclination to shun realities, and soon I had the story of what has been happening to Kentucky.

Though surprisingly few people in Kentucky are fully aware of it, the State government has long been bipartisan. Whether Republicans or Democrats have nominally been in control of State offices, the real power has been important interests behind the officeholders. The Louisville *Courier-Journal* and Louisville *Times*, both owned by Judge Bingham, United States Ambassador to Great Britain, have insistently pointed out that the actual government in Kentucky has been triangular—professional politicians of both parties in alliance with utility and racing interests. When Republicans are in office they get 60 per cent of appointive offices, and Democrats 40 per cent. When a wave of reform sweeps the State, the situation is reversed: Democrats rather than Republicans have controlled 60 per cent of the appointments. According to Judge Bingham's newspapers as well as other critics, utility interests especially have entrenched themselves in a position of great power for the purpose of gaining special privileges as to taxes and franchises and government aid in maintaining high rates.

If the politicians have preyed upon the people in Kentucky, they have also convinced the people of their inability to do much about it. More than once in Kentucky I heard men say: "Yes, we have an ill-governed State; but what can one do? No matter which crowd gets in, the result is the same."

Just now, however, affairs look more hopeful in Kentucky. In the Democratic primaries last Summer A. B. Chandler, popularly known as "Happy" Chandler, was nominated for Governor. He had been Lieutenant Governor in the administration of the recent Democratic Governor, Ruby Laffoon, but nevertheless a bitter critic of Laffoon. Chandler's opponent in the primary race was Thomas S. Rhea, State Highway Director, and commonly regarded as the Democratic machine candidate. A chief backer of Chandler was former Congressman Ben Johnson, a Lincolnesque figure, who had been ousted by Governor Laffoon from office as State Highway Director, and succeeded by Rhea. Johnson publicly declared more than once that he could have retained his

office if he had been willing to wink at graft in the administration. Johnson in the course of many years in politics has made plenty of enemies, but nobody in Kentucky has ever been heard to attack his honesty.

In the recent election both Rhea and Laffoon bolted the Democratic ticket and urged voters to cast their ballots against Chandler in favor of the Republican candidate, King Swope, 42-year-old Lexington jurist. But Chandler was elected by something like a 100,000 majority—one of the most decisive elections ever held in Kentucky. Whether his entrance into the Governorship in December means a new era in Kentucky remains to be seen. At any rate, good citizens throughout the State appear to be much encouraged.

Meanwhile, a tremendous job remains to be done. As a traveler heads southward in Kentucky he sees astonishing contrasts between what is and what might be. About Lexington are vast stock farms of from 1,500 to 4,000 acres of rich land devoted mainly to grazing. These are probably the most magnificent farms on earth. Here are horse stalls with silver-plated door knobs and immaculate hospital buildings equipped with costly apparatus for giving horses X-ray treatment. One cannot help thinking of the people in the State who lack medical care and of children who die of malnutrition, for want of milk, while these vast farms produce almost no food for human consumption. That does not mean that all these horse farms should be plowed up or turned into dairying establishments. The point is that a State that can afford such luxuries as these farms (one of which had race winnings, in a single year, of $422,000) surely can afford also to provide its people with all human necessities. In this connection, it might be observed too that, besides fine horses, Kentucky excels in the production of certain other luxuries—tobacco and whisky.

Another contrast is between county seats and surrounding country. Even in sections where the farms look desolate, indicating poverty and desperation, the towns often have well-kept homes, charm and signs of prosperity. In other words, people in these towns are well off because they have developed a kind of cleverness in extracting from the farmer whatever money he has. Two or three farmers, asked about this, said they had never thought about it. Evidently the process of transferring wealth from country to town has been carried out by a quiet method that did not give the farmer too sudden a shock.

Throughout certain southern counties of Kentucky one sees hillsides that once contained as fine forests as existed anywhere in the Western Hemisphere. Today the forests are gone, private owners having been unchecked in their selling of the timber, with no thought of the future. After the timber was cut down there was nothing for the people living there to do but plow up the steep hillsides and plant corn. After two or three crops of corn the soil is washed away, leaving only bare, ugly clay, and the small farmer goes on to a new spot. This has been going on so long that foresters say it would take 500 years to restore the hillsides to their former wealth.

While the natural resources of the State have thus been growing less and poverty has increased on these sordid, barren hillsides, politicians have made no move toward a reforestation plan that would have preserved beauty as well as wealth and given profitable employment. It appears never to have occurred to the State government to turn these poverty-

stricken hillside dwellers into self-supporting, prosperous creators of the common wealth.

In certain of these more desolate counties it is said that no family has ever had even such a luxury as an outhouse. Few ever have cash incomes except those who receive pension checks. This fact probably accounted partly for the conspicuously high voluntary enlistment in these counties during the World War. There is plenty of courage and fearlessness in the Kentucky mountains, and certainly no lack of it in "Bloody Breathitt," scene of the famous Hargis-Cockrell feud some thirty-three years ago; but it may not have been courage alone that accounted for the fact that every man of military age in the county had already volunteered when the World War draft was instituted. In a county where the only people who ever had any cash were war veterans it was natural enough that young men who had grown up there should regard war as an opportunity to gain a measure of economic security.

Schools are few in many of these southern counties, and where they exist they have usually been a source of exploitation by unscrupulous township school trustees. Teachers have been appointed not according to teaching ability but according to their willingness to turn over to school trustees from 10 to 25 per cent of their small salaries.

In one county, where destitution is most evident, I had occasion to go to the court house. Though it was nearly noon, not a single county officer was in his office. The explanation was that these functionaries had little to do and there was no point in spending much time in their offices every day. It is doubtful if any State has so many unnecessary county offices as Kentucky. The State, with an area of 40,598 square miles, was divided in ox-cart days, when roads were bad and travel slow, into 120 counties. All these separate units of county government may then have been wise, but students of government estimate that today not more than twenty-five counties at most, and probably not more than fifteen, are necessary for efficient county administration.

If the cost of so many needless county offices were eliminated, the saving might be enough to take good care of all the undernourished people throughout the State. But there is no indication that any such saving will be made. A few years ago a Legislature appropriated $150,000 for a State investigation looking to governmental economies. But politicians promptly recognized that proposed savings would mean fewer jobs for themselves, and nothing was done.

For years Kentucky has been running behind in its finances. True, the State Constitution forbids issuing bonds for more than $500,000 without a vote of the people and the people have wisely been voting against more bond issues. But the politicians have nevertheless extracted money from the State by means of interest-bearing warrants for overdue debts. These amounted a year ago to more than $15,000,000.

Here then is the situation that the new Governor of Kentucky, who took office on Dec. 10, must face. Whatever he may be able to accomplish, if he gives evidence that bipartisan rule in the State is ended, a revolution will have occurred.

Poland After Pilsudski

By ROBERT MACHRAY*

WHEN Pilsudski died in Warsaw on May 12, 1935, everywhere the question asked was, What will Poland be without his dominant personality? It was not a new question, for since the coup d'état that had given him control of the country nine years before he had often been in indifferent health and more than once seriously ill. Yet no Pole stood out so prominently as to suggest a probable successor.

During Pilsudski's illnesses it was frequently said that he would leave a testament setting forth his commands or instructions concerning the policy to be followed after his death. He left a will, but it bore a strictly personal character, and was absolutely non-political. Probably he thought that he had set the feet of his people firmly on the right road by his foreign policy and the establishment of a new Constitution, with a strong army supporting both. But on the day before he died he did give two orders, or what amounted to orders, to President Moscicki, and, significantly, both dealt with the army.

In the government Pilsudski had been Minister of War and in the army Inspector General, which meant that he was its actual chief, though nominally the President was its head. Looking around, Pilsudski saw nobody who could fill both posts as he had, but he had selected a man for each, and he gave their names to Moscicki.

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Accordingly, the first thing the President did after Pilsudski had gone was to appoint General Rydz-Smigly Inspector General of the army and General Kasprzycki Acting Minister of War, the definite appointment of the latter as Minister coming later. Both were army veterans. They had fought in the Polish Legions during the World War and in the 1920 campaign against the Bolsheviks; they were among Pilsudski's old and tried friends. At the time of his death Rydz-Smigly was an inspector in the army and Kasprzycki was Under-Secretary of State for War.

Of the two, Rydz-Smigly was much the better known in Poland. With the army he had stood next to Pilsudski, though in some quarters it had been supposed that the Inspector Generalship might be entrusted to General Sosnkowski, another old legionary and also a veteran of 1920, but Pilsudski decided otherwise, and Moscicki concurred.

Both Rydz-Smigly and Kasprzycki, however, were, and for that matter are, soldiers, and not politicians; they are distinctively army men. Rydz-Smigly's appointment signified that in Pilsudski's estimation the new Inspector General was the most capable commander in the country. When Pilsudski was a prisoner in the hands of the Germans at Magdeburg and the cause of Poland's liberation appeared to be lost, it was Rydz-Smigly who had held together and led such Polish forces as were left in the field after the dissolution of the Legions. It was these

forces that formed the nucleus of the army created by Pilsudski in 1918-19.

Though General Rydz-Smigly had had his successes and his reverses in the fighting of 1920, he was the commander of the Second Polish Army in the decisive Battle of Warsaw when the Bolsheviks were utterly routed. Pilsudski had therefore plenty of opportunities of judging Rydz-Smigly as a soldier whether in victory or in defeat, and saw in him the man most likely to carry on the Pilsudski tradition as regards both the army itself and the great part it inevitably had to play in maintaining the Pilsudski policy in the internal and still more in the external affairs of Poland. The new Inspector General, far more than any other Pole, thus holds the destinies of his country in his hands, though a member neither of the government nor of the Parliament.

That might seem to contradict the fact that under the new Polish Constitution, passed only a few weeks before Pilsudski's death, the President now has dictatorial powers. Dr. Ignatius Moscicki, elected President in 1926 as Pilsudski's nominee, is a scientist, industrialist and practical man of affairs, who is neither a soldier nor a politician; he was a great admirer of Pilsudski, and was in complete sympathy with his policies. By his tact, geniality and charm Moscicki became a general favorite—even the Opposition liked him; he is the sort of kindly and courteous gentleman that is not easily disliked, and he was re-elected in 1933 without a dissenting voice.

It was for the purpose of having another thoroughly practical man to deal at first hand with the economic situation that Moscicki was directly responsible for bringing into the government formed on Oct. 12 his friend Eugenius Kwiatkowski. The new Finance Minister had been associated with Moscicki in the management of the big chemical works at Chorzow, a State undertaking, which they quickly made very successful, although when it came into their hands from the Germans nothing was left of it but bare, battered walls. Kwiatkowski had, moreover, been Minister of Commerce and had shown his capacity as a business executive by the energy he had put into the construction and development of Gdynia, the new port on the Baltic; he was its chief artisan, almost its creator.

President Moscicki and the present government stand for the economic recovery and rehabilitation of Poland. Politically, they regard two things as established: (1) The elimination of party politics by the new Constitution and its corollary, the new Parliament elected in September, together with the dissolution at the end of October of the "Pilsudski bloc"; (2) a permanent Polish foreign policy, founded on the alliances with France and Rumania, the non-aggression pact with the Soviet Union and the ten-year agreement with Germany, the last-named treaty being considered particularly important as contributing to peace in Eastern Europe. These two things represent the sum and substance of what might be called Pilsudski's unwritten testament, which looked to political conditions so stable at home and abroad as to make political discussion unnecessary and thereby permit the concentration of all efforts on the solution of Poland's serious economic and financial problems.

One of the striking features of the twelve Cabinets in office during the rule of Pilsudski was that most, if not all, of them were composed mainly of officers who had served under him. Hence came the expression, "Colonels' Cabinet," as an Opposition taunt. Since these Ministers were not exactly

experts in economics and finance, it was evident that they would have to give way to others who were, and, to do them justice, they were willing to do so. For instance, Colonel Slawek, who was Prime Minister when Pilsudski died and also head of the Pilsudski bloc, resigned because, he said, the work that had been assigned to him by Pilsudski was accomplished—namely, the political stabilization of Poland at home and abroad.

It was now the turn of the economists, and they had plenty to do. Though Poland had remained on gold practically without restrictions, and had paid the interest on her bonds, her economic condition was generally bad. As a predominantly agricultural country and without great reserves of capital, she had suffered terribly from the world depression, and her peasants were in a deplorable state—not from poor crops, but from low prices. This had told on the national revenue; budgets had not been balanced and deficits had to be met by loans raised, however, within the country. In 1933 the government offered a loan for 120,000,000 zlotys to make good budget shortages. Although the public subscribed nearly three times that amount, such borrowing could not be continued indefinitely. The expenditures had been reduced drastically, but deficits kept mounting. So matters stood when the new government was constituted last October.

What now took place was another step in the development of Pilsudski's ideas. On the resignation of the Slawek Cabinet the President asked Marjan Zyndram-Koscialkowski, who had been Minister of the Interior in it, to form a government. A Colonel in the Reserves, he had already served his country in various capacities, and now became Prime Minister at the age of 43. He was elected a member of the Sejm, the Polish lower house, in 1920. At that time he belonged to the peasant populist or "deliverance" party, but after being vice president of this radical party Koscialkowski left it, organized a new political group called the Labor Club, and enrolled it under the Pilsudski banner. In 1928 he was elected vice president of the Pilsudski bloc, and was chairman of the Committee on Military Affairs. In 1930 he was appointed Governor of Bialystok, and held that post till March, 1934. He was then nominated President of the City of Warsaw, but became Minister of the Interior three months later. He has a good record as a straightforward politician and administrator, but it must not be forgotten that he had fought under Pilsudski, who thought so well of him as to place him in charge of the disarmament of the Germans in Polish territory after the armistice in 1918, and later in command at Vilna.

Koscialkowski announced his program in a speech on Oct. 24 in the Parliament. He promised to reorganize the administration and rid it of bureaucratic methods, to readjust the collection of tax arrears, to increase industrial production, to divide the national income more equitably, to abolish unhealthy elements in the existing cartels, to hasten the reconstruction of the agrarian system, to balance all public budgets, and, finally, to maintain the zloty at its current value (about 19 cents). While the army budget would not be touched, the national budget would be balanced at a little more than 1,900,000,000 zlotys, a sum much below that of previous budgets for years. The revenue required would be obtained by increasing the income tax and levying an extraordinary tax on all salaries paid by the State. The new taxation would be hard to bear, but Koscial-

kowski made a strong appeal to all to shoulder the burden "in the spirit exemplified by Marshal Pilsudski."

This program was outlined during the discussion on the bill granting special powers to the government to deal with the economic and financial situation as it saw fit. Though subsequently adopted by the Parliament, the measure evoked no enthusiasm, and was subjected to much criticism by the Opposition press, as well as by some papers usually friendly to the government. One of the immediate results of the passing of the act was the imposition from December of a tax ranging from 7 to 20 per cent on all government officials, who, with army and other pensioners, number about 800,000 in Poland. This was not the first cut, and naturally there was much grumbling and demands for a proportionate drop in the cost of living.

Kwiatkowski, a day or two after his appointment as Finance Minister, had in a broadcast prepared the way for Koscialkowski's speech and for the full powers measure, and it is to him in particular that the Poles look for the "sanitation" of their financial and economic situation. In this task he is being seconded by General Roman Gorecki, who until he became Minister of Commerce had not been a member of any government. He has been president since 1927 of the Bank of National Economy, an autonomous State Institution, which has prospered despite the depression. Gorecki is perhaps best known abroad as the honorary president of "Fidac," the Association of Former Combatants, which is very strong in France, where he is well and favorably known. Another prominent figure in the Cabinet is Vladislas Raczkiewicz, but he has been Minister of the Interior before.

It was the inclusion of these three men—Kwiatkowski, Gorecki and Raczkiewicz—in this government that led to the idea that, as they represented a different political line of thought from that of the "Colonels," there would be a change in Polish policy by giving it a Liberal trend and by reinvigorating the alliance with France. But before assuming office Koscialkowski and his associates had agreed that their sole aim must be the solution of the nation's economic and financial problems. For this purpose they decided to get into closer contact with the Polish people as a whole than had been the rule under the recent governments. This was looked upon as a democratic move, but the presence in the new Cabinet of Colonel Beck, Foreign Minister since November, 1932, demonstrated there would be no significant change in foreign policy, and especially in regard to France.

As the elections of Sept. 8 were boycotted by nearly all the parties and groups hostile to the Slawek government and the Pilsudski bloc, a parliamentary Opposition does not exist, but this does not mean that there is no Opposition or one that is negligible. The National Democrats and the Socialists are still fairly strong and they have a serviceable press, but they lack leaders. These two parties, the Peasant parties and the smaller groups outside the Pilsudski bloc lost ground during the later years of the Pilsudski régime, and now have nothing in common except their antagonism to the present government, or rather to the new Constitution, out of which the Parliament and the government alike have come. It will be none the less interesting to see how the men that rule since the passing of Pilsudski will cope with the problems that now confront Poland.

Better Times for Puerto Rico

By HARWOOD HULL*

ALTHOUGH Puerto Rico was ceded to the United States by Spain as long ago as 1898, it remained until recently one of the least known of American territorial possessions. Lying nearly 1,000 miles to the southeast of Florida, relatively small in area (3,400 square miles), peopled by a race that after almost forty years of American rule had lost little of its Spanish culture, the island attracted little attention. Two recent events, however, have served to focus interest on San Juan, the capital city. The Roosevelt administration has initiated a bold plan for Puerto Rican rehabilitation, and Puerto Rican politicians have moved a little nearer toward their cherished goal of Statehood.

The rehabilitation move came first, indicating that Washington was more concerned with social and economic conditions in the island than with its political status. Late in May, 1935, under authority of the Emergency Relief Act of 1935, President Roosevelt established the Puerto Rico Reconstruction Administration, with Ernest Gruening as director. By November preliminary work was under way, and the island so long neglected, with its rapidly increasing population (estimated at between 1,700,000 and 2,000,000), was face to face with a brighter future.

Of first importance in the opinion of the PRRA was the need for land redistribution. With the population now at least twice as large as in 1898, Puerto Rican agricultural areas are the most thickly settled under the American flag. Coupled with this increase has gone a concentration of the most fertile fields into relatively few hands. Holdings of over 500 acres each, while representing only .7 per cent of the total number, occupy over one-third of the cultivated area. With thousands of small farmers restored to the land, through a homesteading scheme enabling them to buy their property with small instalments, the general economic level would be appreciably raised.

The New Deal did not discover that Puerto Rican land concentration is undesirable. Even in 1900 Congress knew that and passed a law limiting corporate holdings to 500 acres. But the law was not enforced, so that millions of American capital were invested in agriculture, chiefly in sugar, and small-scale farming became in most areas a financial impossibility. When President Roosevelt visited Puerto Rico in 1934 he observed that land was increasingly concentrated in fewer hands and voiced his determination to make the statute of 1900 the cornerstone of a new insular economy.

Not until November, 1935, however —more than two months after a local organization had been set up — was any specific statement made regarding the PRRA program. But by the end of that month over 10,000 persons were on PRRA employment rolls, about

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8,700 as relief workers and 1,500 as non-relief. From then on 2,500 additional workers a week were to be taken on (when possible, from relief rolls) until the requisite force had been assembled. The projects upon which it would work were announced as follows:

1. Housing and slum clearance, $2,-200,000. In every so-called urban area hundreds of families, for the most part originally from rural sections, have been forced to live in the flimsiest of shacks, which constitute a serious menace to health and which are fire traps.

2. Reforestation, forestation and prevention of soil erosion, $994,144. For centuries erosion in the uplands has been unchecked, menacing the coffee and tobacco industries in the hills and indirectly the intensive sugar culture in the lowlands. Over large areas practically all topsoil has been washed away; recent hurricanes have destroyed most of the trees not previously cut. This project will not only check erosion but also provide shade trees to protect coffee bushes, obviate continued lumber imports and provide timber for future woodworking industries.

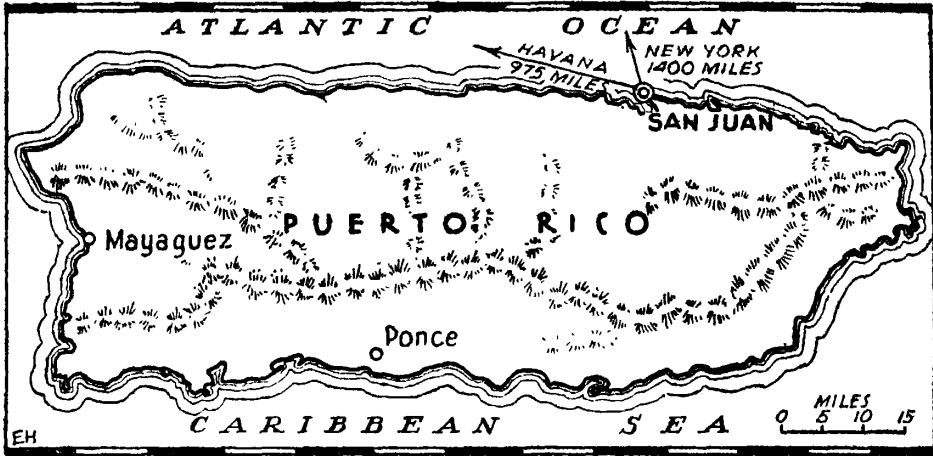
3. Grants to the University of Puerto Rico, $1,197,068. Now more than thirty years old, this is the only Hispanic-American institution of its kind under the American flag. In recent years it has done excellent work in tropical medicine, tropical agriculture and Spanish studies. Those familiar with its work and plans consider it an aid to friendly Pan-American relations. Its graduates not only are leaders in Puerto Rican life but are to be found scattered throughout Spanish America.

4. Rural electrification, $2,727,600. This, one of the first PRRA projects to get under way, is designed to provide hydroelectric power for irrigation and industrial and domestic use in the interior. The insular government has for some years operated successful hydroelectric plants for irrigation, selling surplus power for general household and industrial use. Puerto Rico's three largest cities—San Juan, Ponce and Mayaguez—as well as certain suburban towns, are now well served by private power companies, the larger two of which are foreign-owned. There is as yet no reason to believe that the private companies will be absorbed by the government.

5. Eradication of cattle tick and coconut budrot, $306,740. This project is designed not only to preserve two incidental, but important, island industries but to provide employment.

6. Rural rehabilitation and land utilization, $5,917,840. The Jones-Costigan Act, by forcing a reduction of 150,000 tons in the island's sugar production, aggravated the unemployment problem and made it clearer than ever that some 75,000 acres in marginal sugar lands ought to be put to other uses. It is now planned to acquire these marginal lands for a large-scale homesteading project and crop diversification. The project includes the construction of agricultural community centres, homes, schools and social centres. Cane farmers will be shifted to profitable sugar lands acquired from absentee owners, and former farmers now in city slums will be resettled in agricultural areas, where they may eventually acquire their own acreage.

7. Rural resettlement on marginal sugar lands, $1,868,000.

8. Rural resettlement on good sugar lands, $6,506,000. Projects 6, 7 and 8 are designed to permit readjustment of the dominant sugar industry, to decrease absentee ownership of land and to make Puerto Rico an agricultural

Puerto Rico—"the most thickly settled agricultural area under the American flag"

community in fact as well as in name. Combined, they provide for the cooperative ownership and operation of necessary processing plants and marketing systems to make new land owners economically independent.

9. Rehabilitation of coffee, tobacco and citrus fruit farms, $7,909,600. These are Puerto Rico's next most important industries. The farmers in this group have suffered for years from low prices and recently from repeated hurricanes. This project provides for the acquisition and redistribution of thousands of small tracts of land, now heavily laden with debt, at one-half the appraised value.

10. Further rural rehabilitation, $4,000,000. Under this scheme land and such equipment for the processing and preservation of farm and community products as sugar centrals, coffee mills, cold-storage plants and warehouses will be purchased.

Thus runs the PRRA program. Unfortunately, the total amount stipulated for the various projects is not available. Dr. Gruening has faced almost continuous reductions since his appointment. Out of $41,000,000 originally allotted, $6,000,000 came from the island's sugar processing tax and was not actually available for rehabilitation purposes. From the $35,000,000 remaining, $9,000,000 was allocated for FERA for relief work until June 30, 1936. This left $26,000,000, while the project appropriations total some $35,000,000. Both Dr. Gruening and Governor Blanton Winship agree that Puerto Rico has not fared well in Federal distributions since March, 1933. They point out that, whereas on a per capita basis the island should have had $157,000,000, it has received or had allotted to it only $64,000,000—less than that received by any State or by any other Territory or possession.

Furthermore, the PRRA wishes to embark upon a permanent, not a temporary, program, and as yet the necessary approval has not been secured. Congress during the last session was asked to endorse a bill by which PRRA funds might be expended up to 1940, instead of to June, 1937, as is ordinarily required of FERA moneys. Instalments paid by homesteaders, for instance, were to be placed in a revolving fund so that the back-to-the-land movement might be contin-

ued indefinitely. Congress was asked also to permit $10,000,000 from the Puerto Rican sugar processing tax to be used for the establishment of a government hurricane insurance fund, so that protection for crops of small producers, who cannot acquire policies in private insurance companies, would be available. But this legislation was not enacted, and must be reintroduced when Congress reassembles in January.

For these and similar reasons PRRA plans are likely to be subject to modification, and actual progress is less rapid than it might otherwise be. But the work already begun is in the right direction.

So far as Puerto Rico's political relationship to the United States is concerned, the important event is that in June the Congressional Committee on Territories began public hearings in Washington on a bill enabling San Juan legislators to draft a Constitution and to become a State of the Union. The hearings will be continued when Congress reassembles.

A few days after American troops landed in Puerto Rico in July, 1898, Major Gen. Nelson A. Miles, the commanding officer, issued a proclamation which has ever since been regarded by islanders as a charter of their rights. The American forces, General Miles announced, had come "bearing the banner of freedom, * * * the fostering arm of a nation of free people, whose greatest power is in justice and humanity to all those living within its fold." The war against Spain had been not one of devastation but one to give "the advantages and blessings of enlightened civilization" to an enslaved people.

Puerto Ricans took this proclamation literally, and, even though it was never more than a general's pronunciamento, based high hopes upon it. They had just won a long-sought autonomous government from Spain; the new and democratic sovereign, they expected, would grant even more. But the years went by, and concessions from Washington were slow in coming. In the course of time the island became essentially self-governing and elected its entire Legislature and all municipal officials. The two major American parties gave Puerto Ricans the right to help select the Presidential nominees, even if they could not vote in the Presidential elections. American citizenship was granted during the World War. Suffrage privileges were extended to women in 1932, and more recently voters' educational restrictions were removed.

But these concessions did not altogether bear out the statement that the American flag was a banner of freedom. Puerto Rico's Governor and a few other officials are still appointed by Washington. Puerto Rico's only spokesman in Congress is a Resident Commissioner, who may sit and speak in the House of Representatives but may not vote. Hence all Puerto Rican political parties demand the abolition of "colonialism." The chief domestic issue is whether the abolition should be followed by Statehood or by complete independence.

The party now in power, the Coalition, elected to office in 1932, stands for Statehood. The Liberal party, in opposition for the first time in thirty years, stands for independence, though there is division in its ranks over this issue. Subscribing to neither Coalition nor Liberal doctrine are a few who hold to a middle position—self-government with the United States still exercising some sort of authority. This group would have Puerto Rico more than a Territory, not quite a State, certainly not completely inde-

pendent, with all the risks and expense of freedom. Yet on all sides it is agreed that the bogy of status should be laid once and for all, the sooner the better, and there was general satisfaction that at the Washington hearings a question that had complicated island politics for four decades could for the first time be brought into the open.

The pro-American Coalition would if necessary accept liberalized self-government as a halfway step toward Statehood. It regards the island as a maiden long wooed by a fickle suitor, who, after declaring his intentions by granting American citizenship, has consistently avoided fixing the date for the final ceremony. A grant of independence would be regarded by this group as nothing less than a breach of promise. To the Liberals, however, the suitor is a philandering Yanquí who has for years refused to give legal basis to a romance begun in the sentimental Nineties, when the moon of Manifest Destiny was full. Modesty, dignity and pride, some Liberals contend, demand that the United States be sent packing and that Puerto Rico, with much of her youth wasted, embark on a career of independence with the promise of protection and a financial settlement from her one-time suitor.

In one sense it is strange that the question of status has been raised when the Liberals are out of power, for they have been more successful than their rivals in establishing friendly relations with Washington. Luis Muñoz Marin, their leader, is believed to be closer to the White House than any other Puerto Rican political chief, and other Liberals have been quick to adapt themselves to New Deal trends. It is the Liberal party that acts as sponsor and interpreter of New Deal measures in Puerto Rico, and one reason for the difficulties with which the PRRA is confronted is that the Liberal party does not represent the majority. Had the Liberals controlled the San Juan Legislature last April, that body would in all probability not have been able, by adjourning a few days earlier than usual, to register a protest against Washington's "dictatorship" in relief matters.

Yet it is logical that the question of Puerto Rican status should be now considered. It was the Roosevelt administration that set up a Division of Territories and Island Possessions in the Department of the Interior, transferred to it from the War Department supervision of territorial affairs and placed at its head Ernest Gruening, a recognized anti-imperialist. Under the present administration a liberal attitude toward Cuba first showed itself, the Philippine Islands were given virtual independence, and Statehood for Hawaii reached the stage of serious discussion. It was under the previous Democratic administration, that of Woodrow Wilson, that Puerto Rican citizenship had been made a reality, and the Democratic platform of 1932 had declared for Puerto Rican Statehood. When the Statehood bill formulated by Santiago Iglesias, Resident Commissioner at Washington, was introduced into a Democratic Congress in January, 1935, it was assured of a fair and sympathetic hearing.

The administration point of view has been indicated in an unofficial letter sent by Secretary of the Interior Ickes to Senator Fletcher of Florida last Spring. Once there was reasonable certainty that the considered opinion of the Puerto Rican people had been ascertained, Secretary Ickes affirmed, the island should be granted the status it desired, even though in so doing Congress estab-

lished a precedent by including within the Union as a sovereign State territory not contiguous to the other States and possessed of a wholly different culture, tradition and language. With Statehood attained, however, no future change could be contemplated, and Puerto Ricans would be called upon to pay into the Federal Treasury those income, inheritance and internal revenue taxes which, together with customs duties, now go into the insular Treasury.

On the other hand, Secretary Ickes pointed out, island autonomy could be greatly enlarged without change of status. Congress might provide for the election of all officials and the establishment of insular tariff laws. A precedent for the latter already exists; in recent years Puerto Rico has been permitted to levy duty on all coffee imports. "The island economy being *sui generis*," Secretary Ickes said, "it might well be favored with an extension of this principle."

The letter went on to say that Puerto Rico's critical condition was due not so much to political disabilities as to the fact that the island had been a victim of a laissez-faire economy, under which absentee-owned sugar corporations had absorbed much land formerly held by independent growers. These, in consequence, had been reduced to "virtual economic serfdom." Inclusion of the island within the tariff wall of the United States had benefited American stockholders, while forcing Puerto Ricans to import food staples that had been made expensive by the tariff wall.

If then the PRRA is able to carry out its reconstruction program, and if Congress grants greater self-government to Puerto Rico, the Statehood movement may possibly lose its driving force, despite local pride and insular nationalism. In any event, it would seem that the decades of indifference are at an end and that Puerto Rico has the prospect, for the first time since Europeans settled the island in 1508, of controlling its own destinies. The outbreak of hostilities in 1898 caused the hasty sine die adjournment of Puerto Rico's first autonomous Legislature, won but a few months before from monarchical Spain. To this day the government represented by that short-lived Legislature appears to many Puerto Ricans to have been more liberal than any that preceded or followed it. Prompt action will restore the faith in American democracy established thirty-seven years ago.

Our Biggest Peacetime Army

By THOMAS M. JOHNSON*

WHAT is the purpose of the United States Army? Of what does the army consist? For what ends will the army spend during the fiscal year 1935-36 nearly $348,000,000, the largest military appropriation since the World War, a sum equal to that devoted to both navy and army in 1914?

Although it performs other than purely military functions, the army has obviously one major purpose—the defense of the United States and its possessions. It consists of three components: The Regular Army, the National Guard and the Organized Reserves. The normal peacetime strength of these parts is approximately 500,000 officers and men. The present strength is, what with the retrenchments of the past few years, somewhat below that figure, but with the recently increased appropriations the normal should soon again be reached. For the first time since 1922, military men believe, the army enjoys a "reasonable prospect of developing itself into a defense establishment commensurate in size and efficiency to the country's minimum needs."

In the Regular Army are found the professional soldiers. They are unmarried men between 18 and 35 years of age, over five feet four inches in height and 128 pounds in weight, and of acceptable health, intelligence and character. During a three-year term of enlistment they are paid a minimum of $21 a month, fed, clothed, housed and trained. They may, if they wish, learn a trade, for the service needs not only riflemen but also cooks, chauffeurs, tailors and other skilled workmen. By becoming a specialist or a non-commissioned officer, a soldier may increase his pay to as much as $157.50 a month. After thirty years' service he may retire on three-quarters pay.

Less than half the officers of the Regular Army are graduates of West Point; the majority either are graduates of other institutions of higher learning or rise from the ranks. They devote their time to training their men, to staff work and to study in a series of schools for all the arms. Those with special aptitude are sent to the Command and General Staff School at Fort Leavenworth, Kansas, where they are instructed in the combined use of all arms in battle and in the problems of organization, tactics and supply. From this school a gifted officer may pass to the General Staff Corps, as may graduates of the highest school, the Army War College at Fort Humphreys, D. C.

The Regular Army is small in size. At the strength authorized by the last Congress it numbers only 12,403 officers and 165,000 men, and until the recruiting of 46,250 additional men began on July 1, 1935, it was far below the maximum. Hence the National Guard, the military force pertaining to the several States, is of great importance. Except for the Regular Army it is the chief bulwark of our defense on land.

Composed of citizen-soldiers, the

*The author of this article was a newspaper correspondent during the World War and has since kept abreast of military developments in the United States.

National Guard numbers in all 195,000 men. These men are divided into 4,000 units and, under instructors detailed by the Regular Army, drill forty-eight times a year and spend two weeks annually in camp. They are organized into services like those of the Regular Army — infantry, cavalry, coast artillery, &c.—and in return for a small stipend (about $20 per year and up) stand ready to form in an emergency the rampart behind which drafted men could be whipped into shape by Regular and Reserve officers. Although the National Guard is nominally under the command of the various State Governors, it can, by a law passed in June, 1933, be summoned instantly into Federal service by the President. Most units would need two months or more for training; some authorities claim that even longer would be needed. In any event, the Guard today is far superior to that of 1917. Then the Guard required from nine to twelve months to get into the trenches and longer to get into battle.

The third component of the army is the Organized Reserves. This branch consists almost entirely of the Officers' Reserve Corps, numbering 120,000, although there are a few thousand enlisted and non-commissioned specialists of various classifications. The older Reserve officers are principally World War veterans; the younger obtained their commissions at colleges (in Reserve Officers' Training Corps branches), at private military schools and at the Citizens' Military Training Camps held each Summer for this purpose as well as for the instruction of prospective non-commissioned officers and soldiers.

Reserve officers are at present kept in training by conferences, lectures and correspondence courses and by periodic experience in the field. The War Department would make certain that all Reserve officers receive at least two weeks of consecutive field duty every four years—which means that 30,000 would be called annually—but thus far the figure has not exceeded 20,000, and during the fiscal years 1934 and 1935 it was considerably lower.

Commanding all components of the army is the Chief of Staff, at present Major Gen. Malin Craig, appointed on Oct. 1, 1935, to succeed General Douglas MacArthur. The Chief of Staff is responsible to the Secretary of War and is assisted by War Department bureaus and divisions, the most important of which is the General Staff Corps. Distinguished by black-braided sleeves, the General Staff officers are the army brain trust. They advise and assist the Chief of Staff and carry out his orders through the "Four G's" ("G" for General Staff)—Personnel, Intelligence, Operations and Training, and Supplies.

G-1 deals with the human element: Soldiers, officers, enlistment, sickness, death. G-2 is concerned with the enemy, real or imaginary, his strength and his plans. G-3 takes care of strategy and tactics, and of the training of men and units. Allied to G-3 is a War Plans Division, which studies what the army would do were it involved in war with any power or combination of powers. G-4 attends to weapons, ammunition, uniforms, food—such diverse things as the army's thirty-four laundries, 101 hospitals, 20,000 horses and mules.

The Four G's direct the army through the "Six Arms"—the Infantry, Cavalry, Field and Coast Artillery, Corps of Engineers, Signal Corps and Air Corps—and through the "Nine Services." The services are divided as follows: Adjutant General's Department—records; Inspector General's Department—inspection, effi-

ciency, money accounts; Judge Advocate General's Department—justice; Quartermaster Corps—feeding, clothing, transportation, roads, &c.; Finance Department—disbursement of and accounting for funds; Medical Department—health of men and beasts; Ordnance Department—weapons and munitions; Chemical Warfare Service—gas and gas-defense appliances; Chaplains Corps—spiritual warfare.

Thus, in brief, is the United States Army, a great and complex organization. Yet it is not merely a war machine. In many ways the army has been of service to the nation. Almost overnight it built up the CCC and still exercises general supervision of the camps. Flood control and prevention throughout the land is one of the major tasks of the Corps of Engineers, which has built an earthwork 1,500 miles long to stem high waters of the Mississippi. The army has surveyed the country, built roads and canals and railways and lighthouses, helped to develop the steel, tractor, telegraph, aircraft and radio industries. It has virtually stamped out hookworm, yellow fever and beriberi in certain areas, reduced the incidence of malaria, typhoid and other deadly fevers, and aided greatly in the campaign against such pests as the boll weevil.

The army won most of the overseas possessions of the United States and at one time or another has governed nearly all of them. Through its Bureau of Insular Affairs it long ruled the Philippines, controlling exports and imports and performing other administrative duties. Under the Philippine Commonwealth Government partial jurisdiction will be retained. To all intents and purposes the army opened up Alaska, and even today it operates Alaskan telephone, telegraph and radio communications to the outside world. The army dug the Panama Canal and is still responsible for the operation of the canal and the adjacent Zone, supervising everything from civil government to the purchase and exchange of office adding machines. Even outside American jurisdiction the army performs certain duties; it supervises the collection of customs duties in the Dominican Republic, and as a consequence of its former rule keeps records of affairs in Cuba and other Latin-American countries.

For purposes both warlike and peaceful—thus is the army's $348,000,000 appropriation spent. Some $25,000,000 is devoted to such non-military services as those enumerated; about $40,000,000 goes to restore pay cuts and to meet increased costs. Much of the remainder will be used to modernize equipment, so that if the army must fight, it will have the most up-to-date material.

Should war again threaten the United States the army will be better prepared than it was in 1917. For purposes of defense the country (excluding the territorial possessions) has been divided into four field army areas—one on the North Atlantic, a second along the central northern frontier and the Great Lakes, another on the Gulf of Mexico and the southern frontier, the fourth on the Pacific Coast. Each field army area is divided into corps area, with the senior corps area commander the field army commander. At present these four key men are Major Gens. Dennis E. Nolan, Frank R. McCoy, Johnson Hagood and Paul B. Malone. In them is vested immediate control of all troops—Regular, National Guard and Reserve—and of all posts, camps, barracks, forts and coast defenses.

At the alarm of war troops would be rushed by train and by motor truck

to concentration points already selected. What is probably more important, elaborate and carefully laid preparations for clothing, feeding and arming the troops would immediately become effective; there would be no repetition of the procurement problem of 1917-1918. The army's supply requirements have been reduced to 800 fundamental consolidated items, and a separate branch of the War Department, directly supervised by Harry H. Woodring, Assistant Secretary of War, devotes all its time to the drawing up of schedules and the making of blueprints. Officers, including those of the Reserve who are leaders in business and industry, study in an Army Industrial College the problems of supplying a great wartime force with the least possible civic confusion. Each factory will know what it is best fitted to produce. Duplications, overlappings and waste will be obviated.

Yet plans cannot be carried through without sufficient and first-class equipment and organization. That is why the army has continued to press for larger and larger Congressional appropriations and why General MacArthur, shortly before he gave up his post as Chief of Staff, described what, in the opinion of the War Department, had still to be done to make the army a positive, speedy and efficient instrument.

A chief need, said General MacArthur, is the development of the Air Corps. An annual procurement of 800 completely equipped planes (instead of from 250 to 350, as in recent years) will assure a permanent under-age air force of 2,500 planes, the smallest number consistent with safety. An enlisted reserve of 150,000 men is also deemed essential, to be built up by enlisting soldiers for two periods, the first with the colors, the second in the reserve. A five-year general procurement program, it is thought, should be prescribed by Congress, so that by 1940 or thereabouts tank regiments, armored car troops and mechanized cavalry platoons of sufficient strength, together with 18,000 motor vehicles to replace transport animals, will be available. Within this five-year program should also be included a new semi-automatic rifle for every rifleman, improved artillery, constant experimentation in chemical warfare and a variety of miscellaneous equipment now lacking.

Presumably these suggestions will not be immediately accepted by Congress; an influential section of the American people believes that the army is already far too expensive a service, and not a few others interpret every improvement of the military force as a militaristic gesture. It is to be admitted that the army is expensive, for it consists of volunteers, and volunteers cannot be paid, like conscripts, merely a few cents a day. Among the world's forces the United States Army is eighteenth in size—and second in cost. Only that of the Soviet Union requires greater outlay.

The army answers that it seeks merely "a reasonable posture of defense," not undue elaboration. It points to the fact that during the Summer of 1935 not more than 30,000 regular troops could have been mustered in the Continental United States to fight an enemy at any given moment. There is such a thing as minimum efficient strength, the army feels, and it is to the attainment of this strength that it is now bending all its efforts.

Post-War France in Fiction

By MILTON H. STANSBURY*

THAT any Frenchman who worked or fought through the World War could emerge in 1918 unchanged is inconceivable. And if this is true of the average citizen, it is doubly true of the artist.

It is interesting therefore to consider how seriously the currents of post-war France have affected the outlook of her novelists, and into what stagnant or tumultuous waters their individual crafts have been impelled.

The entire history of France fosters a traditional belief in the inevitability of war. From childhood that generation which was later destined to fight in the trenches had imbibed from its parents the terrors of the Franco-Prussian War, and these same parents had in turn listened fearfully to similar reminiscences on the fall of Napoleon and the invasion of France by an allied army. The spectre of these recurring invasions was never exorcised.

When in the decade after the World War the Frenchman surveyed the state of European affairs, he saw practically every nation hopelessly divided on political, social and religious issues. Treaties had been signed and disregarded; governments had collapsed; financial panic was in the air. He saw increasing antipathy between liberal and conservative policies; acrimonious disputes between capital and labor; profiteering, greed and unemployment on every side—in short, all that is implied by the commonplace term of general unrest. The most sacred idols and traditions had been shattered and there was everywhere doubt as to what was good or bad, beautiful or ugly, sane or mad. And, stalking through this universal wreckage was the final nightmare of the distraught bourgeoisie—communism.

According to their particular leanings or temperaments, the novelists turned to fascism or communism, to individualism or collectivism. Some avoided political and social issues altogether either to concentrate on some special study, perhaps interrupted by the war, or to seek oblivion in dream-worlds, in realms of pure fantasy or in the always acceptable refuge of love.

In the darkest aftermath of war, it is amazing to find Colette writing her masterpiece, *Chéri,* and apparently ignoring that there is anything in life but love; or Julien Green—if we may call an American expatriate a Frenchman—who shuts out the whole external world of warring passions and finds a morbid fascination in devising agonizing and arbitrary sufferings for his characters. Mauriac also seems untouched by the war—at least, he never mentions it in his books. Steeped in mysticism, but delighting in the portrayal of profane rather than sacred love, he is of the type that ever remains apart from a country's political struggles. And so for many others, for whose individual bent the

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war seems in no way responsible, men whose interests range from conjugal love, the family and the church, to the workman, the peasant and the soil.

If, before 1914, a man was in embryo a grim and morbid visionary, a dissatisfied, rebellious spirit, as an ex-combatant he probably developed chronic disgust, spleen and revolt. The war may merely have fostered what was latent in these men, making them keener-edged, more strained and one-sided. Perhaps in judging modern literature it should be borne in mind that with each fresh catastrophe and disillusion a race becomes more world-weary and less resilient. The heritage of modern man has been shattered nerves. Small wonder, then, if many French writers, with their abnormally acute sensibility, were rendered completely neurasthenic by the war. Yet it is at times their hectic flush that makes many of them so colorful and dynamic.

As an example of collective war-shock, the Dadaists and their offshoots, the Surrealists, are among the most typical. Here again the war caught a group of men already impregnated with the seeds of discontent and anarchy. Their immediate ancestors were the Cubists, who, setting up their grotesque standards as early as 1907, already betrayed a lack of balance and a tendency to revolt against the old order. This they handed down to their successors, the verbal Cubists. But, unlike the painters, the Dadaists were destructive and their spirit was one of neurotic doubt. They repudiated all schools of thought; they wished to abolish all dogmas, formulas and laws, and rebelled against art, morals and society. It is not surprising that Dadaism proved a short-lived child of anarchy.

The Dadaist leaders then cast about in desperation for a new cult and finally hit upon Surrealism. Following this road, they experimented in hypnotism, automatic writing, dream-talk and abnormal psychology. André Breton, a trained neurologist, was the most active and belligerent of them all. He believed that the insane are especially privileged, inasmuch as their minds are furthest from reality and their imaginations untrammeled by reason. Thus, the Surrealists had recourse to the madman's world. Others in this group were ex-soldiers and acquainted with the abnormal states of many war victims. Jacques Vaché, Breton's friend, was the embodiment in action of all these theoretical defeatists and anarchists. Convinced of what he called "the theatrical uselessness of everything," he committed suicide at the age of 23.

By 1928, Breton and Louis Aragon were carrying the movement into communism, though Breton still maintains there is an abyss separating their revolution from that of Marx. The eternal revolt against man's condition incorporates but far surpasses the objective of mere materialistic progress, and this Breton calls Surrealism.

Another prophet of despair, who believes in no cult or cure, is Louis-Ferdinand Céline. In his extraordinary book, *The Journey to the End of Night,* his scalpel exposes not only the lies and hypocrisies of French politics but those of the people and the petty bourgeoisie. He has no hope in the present or the future, and his book breathes a complete terror and nausea of existence. For him life has no meaning and the only escape from a world of callousness, brutality and corruption is death or immersion in a dream world, all too seldom made satisfying by love.

If for many sensitive souls the war

charged the air with fumes of defeat and death, for a man of André Gide's lucidity of mind it helped to clear the atmosphere and solve his personal difficulties. He was approaching 45 at the outbreak of hostilities, and since the last decade of the nineteenth century he had been one of the foremost literary figures in France. If before the war his feet had wavered, he derived new courage from the more emancipated post-war world. Whatever secret knowledge he possessed of the real nature of his desires and aspirations, it took the increased tolerance and understanding of this epoch to make possible the publication of his memoirs, with their plea for individual morals and, more narrowly, his own.

Although Gide's disclosures—among the most daring of all time—provoked a storm of disapproval among the more conservative of his countrymen, by many of the younger men he was hailed as a leader and a kindred spirit. In spite of his contradictory and disquieting doctrines, his eccentricities of character and his heresies, he gave direction to a whole generation of uneasy, searching minds. His avowed object was to disturb, and in this age of skeptical disillusionment when, as one of the younger men expressed it, every one was on vacation and wondering when classes would be resumed, Gide led the way to the one school where no matriculation was necessary —the school of truancy. By preaching sincerity, curiosity and rebellion, by throwing doubt on the whole code of conventional ethics, Gide, more than any other single force, is responsible for the nonconformity and searching self-awareness that characterize this period.

Intellectual, mystical and sexual restlessness had marked Gide's early period. His fear of missing any part of life was his argument for holding himself forever available and unattached, and his pre-war writings are imbued with this desire to maintain a completely unprejudiced mind. Everything in him fought and contradicted itself; he expressed an opinion only to expose its fallacy. Just as in his writings he is attracted by extreme divergencies of thought, so his own life was a perpetual debate. Because his mind was trained to weigh and not to choose is no doubt one reason why it took him forty years to become a convert to communism. Other reasons for this decision may have been his contempt for social laws and all accepted standards, shown always by his sympathy for the outcast and the lawbreaker. He affirms that it was the Gospels and not Marx that strengthened in him that disdain and repugnance for all private possessions and monopoly.

The attempt to forget the world is as marked in the post-war novelists as any effort to change or damn it. For instance, there arose the group of fantasists headed by the incomparable Jean Giraudoux, who discovered new worlds and decorated them with wild and fanciful beauty. "I wish to live," writes this master wit and imagist, "in blissful oblivion of reality, with all its contours modified and velvet-soft so that my eyes will not be wounded." Indeed, no social or ethical discussions mar the whimsical serenity of his pages. He has no marked interest in the presentday world except to banish it from his mind. So, like his own shipwrecked Suzanne, whom he isolates on a deserted island in the Pacific, he lives in a wonderland specially created to portray extravaganzas and vagaries, with every vestige of the humdrum and [illegible]ible excluded.

Shutting out the real world, how-

ever, did not make Giraudoux less French. An ardent nationalist, he extols his country as far as he dares without jeopardizing his reputation as a clever and witty man. France he sees as the "World's Comptroller of Weights and Measures"; everything is superior in that favored country, while, wherever possible, he pours ridicule on Germany, and in a lesser degree on the rest of the world. His duties as propagandist for French letters in the Foreign Office may have confirmed his intense nationalism. Although occasionally he relates his war impressions, he concentrates on the more subtle phases of the struggle, and on his own extremely individual reactions.

In the rôle of imagist Giraudoux's most successful disciple is Paul Morand, also a product of the French diplomatic corps. His art is more realistic, audacious and brutal, his pictures drawn in sharp blacks and whites, with the emphasis on ugliness far more than on beauty. He not only appears to have accepted the demoralization of post-war Europe as beyond remedy, but he takes an analytical pleasure in probing these sore spots and counting the pulse-beats of the broken derelicts cast adrift by the war. Morand's whole existence has been an "itinerary of flight." From what? Probably from life as revealed to this dispassionate judge. He loves not travel so much as movement, so that in his wanderings the planet has become almost too limited for such an uncontrollable globe-trotter. "What, nothing but the earth?" is his famous cry. He believes that races have intermingled without either understanding or sympathy; that, in fact, their hatred for each other is in direct proportion to their familiarity.

After four years in the trenches, another evasionist, Pierre MacOrlan, was only too glad to stay at home. He possessed an active spirit of adventure, limited and curbed by an overwhelming desire for comfort. At thirty-four he returned from the war a disillusioned ex-soldier and a practically unknown writer. Hastening to close his eyes on all that grim reality, he chose instead imaginary scenes reeking with blood and murderous crimes, with pirates, buccaneers, thieves, prostitutes and cut-throats of every description. His personal experiences of war horrors undoubtedly influenced a mind fascinated by scenes of terror and repulsion, and when he speaks of "the nervous system, 1924 model," he is probably thinking largely of his own. His personal solution for avoiding chronic melancholia was to retreat to his study and there give his gruesome imagination full rein.

In 1922, with *La Cavalière Elsa,* he emerged from the jealously guarded domain of his books, but only to prophesy catastrophe and revolution. A purely intellectual conception, this work pictures an eventual invasion of Europe in general and of France in particular by the Soviet hordes and their blond stenographers. The soul of Russia is personified by the sordid Elsa, its brain and arm by the Clown, its king by the people. This sardonic caricature of a future world depicts the intelligentsia completely submerged and the masses plunged in every kind of material indulgence. A profound skepticism underlies this fantastic picture. Revolution can achieve no good; it merely profits some one, and who that some one may be is again of no consequence.

Carrying his ideas still further in *La Vénus Internationale,* MacOrlan shows a Europe whose cultural life is completely disintegrated. Intellectuals of every description are banded together in a defensive and offensive

alliance and raid the countryside to escape starvation. Here, too, is a Soviet régime, with all natural beauty destroyed and replaced by new and horrible inventions of a machine age. He has no hope of a superior civilization nor any plan whereby mankind can issue from its present state of darkness and materialism.

More aggressive is the attitude of André Malraux, a dynamic and completely fatalistic representative of the younger group of writers. Of all the devices to escape reality Malraux's is the most drastic and heroic, for he proposes nothing short of sacrificing life itself. He refuses to subscribe to flight in any form, and if he denounces "man's fate" and the futile absurdity of life, he carries his beliefs to their logical conclusions—man must stand his ground and die. As Kyo's old father expresses it in *La Condition Humaine,* "life consists of those fifty years it takes to make a man, fifty years of sacrifice and willpower and so many other things, until with childhood and adolescence vanished—in short, when he has become a man—he is no longer good for anything but to die."

Malraux believes that the overthrow of governments, though a losing game, is yet the only fascination left for civilized humanity. In all this he is no fireside theorist. Like his heroes, he is a militant Communist, and, although his motives are fervent idealism and deep human sympathy, he is a defiant and subversive influence, and France listens apprehensively to these harsh and foreboding dissonances of anarchy and death.

Henry de Montherlant was apparently the only French writer in active service who thoroughly enjoyed the war. He, like his contemporary, Drieu La Rochelle, was swept out of the school room into the trenches, and in that brutal forcing house of war he reached maturity without the breadth of knowledge and experience that are the antidotes to youthful frenzy. An aristocrat by birth, with an iron constitution, convinced of his surpassing superiority and disdainful of the rest of mankind, he gathered up all his vigor and enthusiasm and hurled them against everything he deemed intellectual, effete, delicate or pacifist. In disgust, he asked if man is to end his days as a retired shopkeeper. His lance was at the service of war, athletics and sport. Against patriotism and humanitarianism, his pen was dipped in gall: "It is equally foolish to die for humanity and one's country, for these will eventually become as obsolete as God." Haughty and self-confident, Montherlant is a far cry from the down-trodden and plebeian Céline. Yet each in his way spits at society, Céline by way of abject retaliation, Montherlant through his scorn and antipathy for the human race on principle.

Drieu La Rochelle, as great a booster for war as Montherlant, reveals a very different motivation. He was an ardent nationalist, but he showed his love not in eulogy but, like the prophets of old, in verbal chastisements and clarion commands to reform. He hailed the war as a glorious release and solemn fulfillment of French youth, and he castigates his country for the ills of capitalism and modern materialism, for her flabby muscles and, above all, for her race suicide. "France held her head too high in this war," he cries, "but her bloodless body would have been unable to sustain the weight had not the strength of twenty nations been added to her limbs. We French cannot claim to have been the sole possessors of this mistress—Victory.

France, ardent and dried-up mother, it is time for you to investigate the condition of your belly and your brains!" He found the Germans a congenial race and called upon the French to emulate them. This exasperated patriot felt the world to be in need not of a revolution but of a new birth. Quite in keeping with his character of militarist and reformer is his present gravitation toward fascism.

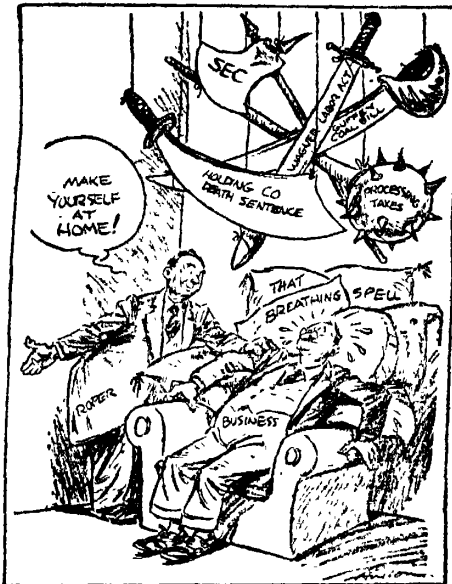
It is with a distinct feeling of relief and buoyancy that one turns from so many advocates of militarism or despair to Jules Romains, a scientist, philosopher and poet. His still unfinished serial novel, *Men of Good Will,* the first volumes of which were published in 1932, has already been heralded in Europe and America as one of the most important events in the history of contemporary literature.

As a young man Romains rebelled against the Catholic Church and went forth in search of a new god. He insists that this must not be an abstract divinity of the clouds but a simple god of the streets. It was in the collective consciousness of the group that he found the seed of his new faith, which he named "unanimism." At the age of 25 he launched a manifesto of his creed (*Manuel de déification,* 1910), addressed to "those who have lost all desire but are too weary to do away with themselves; to those who come home from work with lowered head and heavy shoulders and find each evening as sorrowful as the night before; to those who are rich but bored; to those who are poor and full of bitterness." It is encouraging to find in any panacea that laughter is one of the constituent elements. Unanimism extols the joys of friendship and comradeship, and makes the physical and spiritual union between a man and a woman unanimous life in its most acute and highly concentrated form.

Romains saw in the World War the *tragic imbecilities perpetrated by nations,* but it did not make him lose his belief in unanimism. Still, his faith was in man, and humanity was God. How, in *Men of Good Will,* of which the first ten volumes are merely the introductory chords, he intends to show the advantages of collective endeavor is still his secret.

A glance back over the utterly divergent personalities so briefly sketched reveals a tenuous thread which becomes a part of the warp and woof of their psychology, Man does not live by bread alone. His spirit can not be fed on lies, greed, hate and war, and yet be worthy of his heritage of hope and faith. If man has lost his old trust in religion and has found nothing adequate to replace it, he apparently takes refuge in dreams, in futilities, in despair and death. It is this complete lack of ideals and beliefs, this signal disillusionment, that the majority of the French post-war writers typify. They are beaten men. And so it is good to find among these defeatists a voice like Romains crying in the wilderness: "Men of Good Will! May you some day be assembled by good tidings! May you find a sure means of recognizing one another, to the end that this world, of which you are the merit and the salt, may not perish!"

Current History in Cartoons

Careful, no sour notes!
—Portland Press Herald

The cozy corner
—Philadelphia Inquirer

But it's on the level, gents!
—Washington Post

Hey, we're supposed to be together
—Milwaukee Journal

Hog-calling season opens
—*Washington Post*

"Yes, Herbert, we started the more abundant life"
—*St. Louis Post-Dispatch*

Going round in circles
—*Atlanta Constitution*

There is but one way
—*Rochester Times-Union*

The Sphinx breaks silence
—Philadelphia Inquirer

Amateur hour
—Chicago Daily News

Unmindful of his tow
—St. Louis Star-Times

Temptation
—Rochester Times-Union

How about the colored gentleman?

—*Glasgow Record*

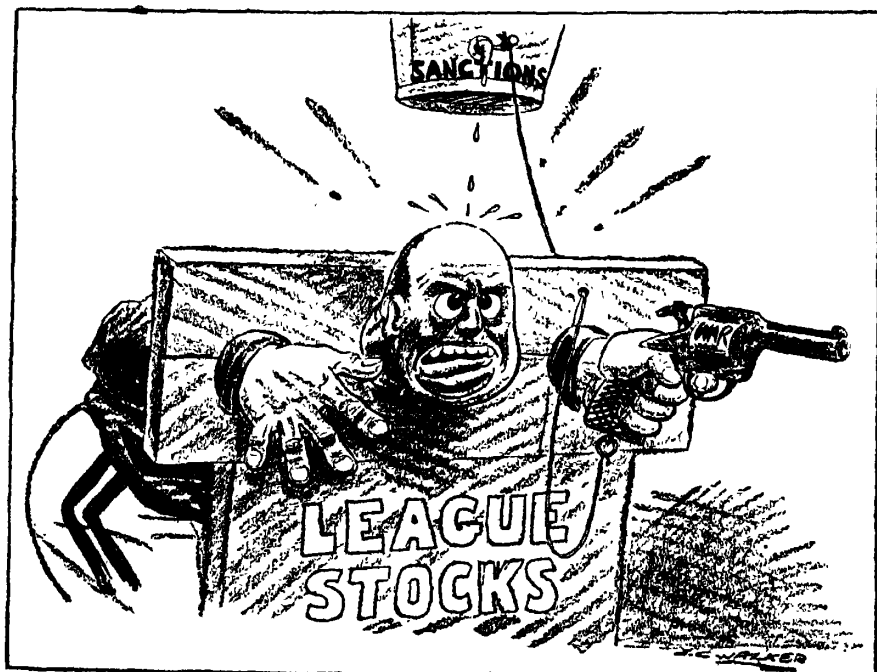
Paving the Roman road

-*Humanite*, Paris

Britain endangers her own oil interests

—*Pilori,* Geneva

Behind the Italian lines
—Boston Herald

Sword vs. breadknife
—Providence Journal

Not so pleasant
—South Wales Echo, Cardiff

Working fast on the map
—*Dallas Morning News*

Mussolini: "How did you get up there?"
—*St. Louis Post-Dispatch*

Due for a rise
—*The Star,* London

A Month's World History

Chronology of Current Events

(Figures indicate page numbers.)

International Events

Nov. 11—Italy warns nations of retaliation against sanctions.
Nov. 18—Sanctions against Italy applied by League (392).
Dec 5—Secretary Hull speaks out for treaties protecting integrity of China (443).
Dec 9—*Naval Conference opens in London (395)*

East African War

Nov. 8—Makalle captured by Italians (398).
Nov. 19—Haile Selassie establishes headquarters at Dessye (398).
Nov 27—Marshal Badoglio assumes command in Eritrea (398).
Dec. 6—Italian planes bomb Dessye (398).

The United States

Nov. 7—Holding Company Act declared unconstitutional in Federal district court (403).
Nov. 15—Manuel Quezon inaugurated as first Philippine President (406)
Nov. 17—President Roosevelt refuses to interfere in Mexican religious troubles
Nov. 26—Government starts suit against Electric Bond and Share
Nov. 29—President speaks at Atlanta (402).
Dec. 1—George N. Peek resigns as foreign trade adviser (401).
Dec. 5—National Association of Manufacturers adopts anti-New Deal program (403)

Canada

Nov. 15—Canadian-American trade treaty signed (408).
Nov. 25—Liberals carry Quebec election (412)

Latin America

Nov. 25—Brazilian revolt brings martial law throughout the country (413)
Nov. 27—Cuban elections postponed (415).

The British Empire

Nov. 11-13—British coal strike voted (418).
Nov. 14—General elections (416).
Nov. 22—New Baldwin Cabinet announced (417).
Nov. 26—Clement R. Atlee made leader of British Labor party (416).
Nov. 27—Labor wins in New Zealand elections (419).
Dec. 3—British Parliament convenes (416).

France and Belgium

Nov. 12—Belgian Parliament reassembles (423).
Nov. 16—Croix de Feu causes riot at Limoges (422)
Nov. 28—Laval Cabinet upheld in Chamber (420).
Dec. 6—French Government moves against the Fascist leagues (423).

Germany

Nov. 14—New anti-Jewish laws decreed (427).
Dec. 1—Opposition pastors defy government (427).
Dec. 4—Repatriation of foreign mark holdings forbidden (426).

Italy

Nov. 11—Government import monopoly established (395).
Nov 16—Fascist Grand Council calls on nation to resist sanctions.

Eastern Europe

Nov 4—Polish-German trade treaty signed (431).
Nov. 5—Czechoslovak Government proclaims "state of emergency" in Teschen district (431).
Nov. 23—Bulgarian Cabinet resigns (433).
Nov. 25—King George II returns to Greece (430).
Nov 30—New Greek Cabinet formed (431).

Northern Europe

Oct. 14—Estonian army chief confers with Finnish leaders (434).
Nov. 28—August Baldszus heads Memel Directorate (433).

The Near and Middle East

Nov. 7—Turkish-Soviet treaties of friendship renewed (441).
Nov. 12—Egyptian Nationalists withdraw support from Premier Nessim (439).
Nov. 13-21—Anti-British riots in Egypt (439).
Dec 2—Iraqi-Saudi Arabian defensive alliance reported (441).

The Far East

Nov. 12-24—Kuomintang Congress meets in Nanking (442).
Nov. 25—Japan warns British against interfering in China.
Chinese counties near Great Wall declare their independence (441).
Nov. 27—Japanese forces move south of Great Wall (443).

A Way Out for Italy

By ALLAN NEVINS

AMID the confusing items of news during November, amid all the bombardment of propagandist dispatches from Rome, Paris, London. Geneva and Addis Ababa, one fact stood forth in clear relief—the fact that the East African contest now shows us Italy against the world. September saw Italy warned; October saw her arraigned at the bar of the League and judged; November saw fifty or more nations of the world arrayed against her. While Ethiopia resists the Italian armies these nations have declared an economic war upon Mussolini. Outside the League orbit, the two chief neutrals, Germany and the United States, have drawn their skirts away from Italy and refused to offer her greater aid than ordinary international commerce affords.

November also revealed more clearly the objects of the opposing forces. Mussolini's ambition was to overrun Ethiopia before the Spring rains began and to present the League by June with an accomplished fact. His appointment of Marshal Badoglio to succeed the cautious De Bono was evidence of his desire for speedy results. Troops continued to move steadily to East Africa. Repeated statements from Rome were to the effect that Mussolini hoped to obtain a decisive victory, to wrest from Ethiopia everything but a "homogeneous" area about Addis Ababa, and to wave in the face of the League a peace signed by Haile Selassie. As for sanctions, he told Anne O'Hare McCormick of *The New York Times:* "We can hold out for a long time. What is more, we will."

True enough, Great Britain has served notice upon Italy that she will never recognize ownership of the fruits of aggression and the League must officially take the same position. But even as League officials applied sanctions on Nov. 18, they knew that once Mussolini completed his conquest he could imitate the Japanese in Manchukuo by snapping his fingers at Geneva. He could withdraw most of his army and proceed with the colonization and economic development of the seized areas. The League was troubled even in late November by dissension, half-hearted support in some quarters and leaks through its economic barriers. Once Haile Selassie signed a treaty, no matter how unjust, League opposition would soon crumble.

The month showed that to prevent an Italian triumph, the League and the powers behind it were relying upon a nice adjustment of forces, a nice alternation of pressure and coaxing. Their hope was to bring Mussolini to consent to an "arranged" peace, its terms not greatly different from those offered by the League just before war began. To do this would require a combination of pressure from League sanctions and pressure from Ethiopian resistance—and a great deal of tactful cajolery. Throughout November Ethiopian resistance was all that could be expected. Beginning on Nov. 18, the first sanctions were also applied with unexpected effectiveness.

But when the month closed, the combination was still insufficient to

make Mussolini respond to peace proposals. It was necessary to plan a new turn to the sanctions screw by cutting off oil, steel and iron. It was important to do it before Ethiopian resistance collapsed, but equally important not to do it before offering Mussolini another chance or with such haste and rigor as to bring on a general war.

Looking back over recent weeks, we see a curious and yet logical alternation of peace proposals, pressure, renewed peace proposals and more pressure. In the first week of November, while the League Coördinating Committee was at work, Premier Laval and Sir Samuel Hoare took advantage of the presence of Baron Aloisi at Geneva to make new inquiries. These were accompanied, as Sir Samuel Hoare publicly announced on Nov. 2, by "conversations between Rome, Paris and London." He added that "it is the duty of all of us to explore the road of peace; that is what we have been doing."

According to statements in the Italian and French press, the chief Italian demands were for divesting Ethiopia of her non-Amharic regions and for ceding Italy outright a broad belt of land connecting Eritrea and Italian Somaliland. This bridge, they declared, would make the defense of their East African possession easy, for troops could be transferred without a long sea journey. Obviously, it would also give them practical control over the Jibuti-Addis Ababa railroad, and by further bottling up Ethiopia proper would increase her dependence upon Italy. The Italians were also said to have demanded the Tigré, at least as a mandated area, and generous "rectifications" in the Ogaden. Other non-Amharic regions should come under League control; Ethiopian armaments should be effectively controlled; and the League should guarantee all Ethiopian commitments made under the Covenant.

These demands were so obviously unacceptable to either the League or Ethiopia that Great Britain and France could not seriously consider them. The Tigré is identified racially with the heart of Ethiopia, for it is an Amharic region. The Harrar district, the proposed bridge, is non-Amharic, but it is an old possession of the dynasty, and the Emperor has always regarded it as his own Province. When December opened it was still largely held by Ethiopian forces, and its inhabitants had shown general loyalty. As for the Ogaden, it is populated by Somali tribes. Here, also, the Ethiopians during November made an effective defense though not without losing much of the Province.

It was certain that while Ethiopia might consent to large "rectifications" in the Tigré and Ogaden, especially if she received a port, she would not consent to the Ogaden bridge, and much less to the loss of all non-Amharic regions, until she were crushingly defeated. And during November Italy utterly failed of important victories.

Having rejected Italy's proposals, France and Great Britain naturally felt that the initiative in suggesting new terms now rested with them. Responsibility for negotiations on behalf of the League really lies with the Committee of Five, which has been kept in existence to conduct them. But Paul van Zeeland, Belgian Prime Minister, had proposed at a meeting of the Coördinating Committee that the British and French Governments be granted a mandate to act. While the resolution was not put to a vote, being outside the Coördinating Committee's province, it vested the two governments with moral authority.

Thereupon the British and French experts on Ethiopia, Maurice Peter-

son and Count René de St. Quentin, set to work. Hoare and Eden exchanged views with Laval, and Laval talked with the Italian Ambassador and the Papal Nuncio. M. van Zeeland, or a spokesman for him, informed the Brussels paper *Le Peuple* that Great Britain and France had agreed upon a formula, its basis being a distinction between the Amharic and the non-Amharic regions, and the placing of the latter under League mandate, with Italy the power responsible for much of the territory. But if such proposals were made to Rome they failed to accomplish anything. Mussolini, with sanctions impending, remained adamant.

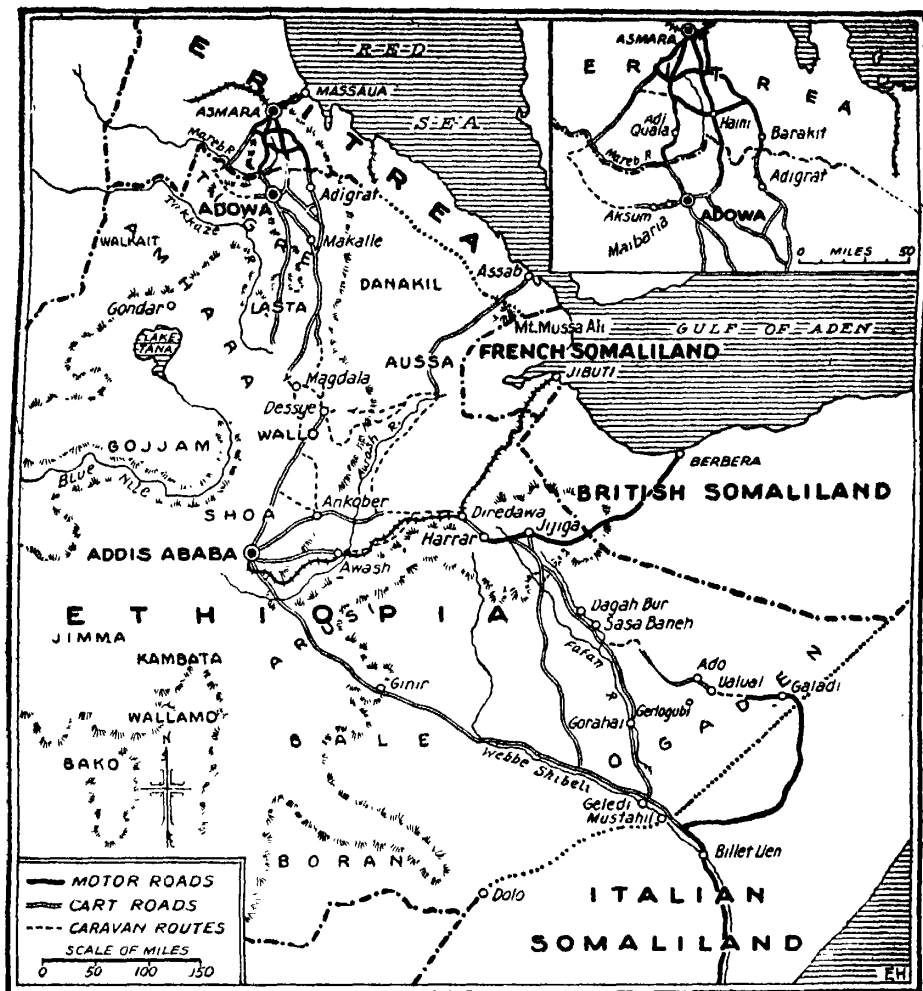
These sanctions began promptly as scheduled on Nov. 18, with Italy grimly determined to oppose them. That day fifty-one nations stopped all exports of certain key products to Italy and ceased taking imports from her. Among member States there were only three real abstentions, Austria, Hungary and Albania, though Switzerland, Paraguay and Nicaragua had announced reservations and Venezuela showed hesitation. These defections were offset by the decision of an important non-member, Egypt, to take her place in the line, while Germany had already announced on Nov. 6 her intention of stopping speculation in shipments to Italy.

The American government, moreover, promptly showed its hostility to any marked rise in exports for war purposes. On Nov. 15 Secretary Hull listed "oil, copper, trucks, tractors, scrap iron and scrap steel" as commodities the export of which was "directly contrary to the policy of this government." On Nov. 26 he explained that the administration was opposed merely to "abnormal trade" in such materials.

Whether Italy could resist this first program of sanctions indefinitely was a question on which experts differed. The Italian people submitted enthusiastically to rigorous decrees for safeguarding the nation's economic position. Already trains had been taken off to save coal, hours of work in offices and stores cut down, food-saving measures instituted. Retaliatory measures against all participants in sanctions, moreover, were instituted—a step which pleased the League authorities as simplifying their problems of control. There could be no question of Italian morale; the nation had never been more united, more indignant, more determined to persevere.

Meanwhile, dispatches from other countries told of a scramble to take Italy's place in world markets. When sanctions went into effect cargoes of California and Florida oranges were on their way to Europe, Vermont marble companies were trying to sell England materials formerly bought in Italy, and Italian textiles, cheese and dried fruit were being displaced by goods from other sources. London believed that fully half of Italy's foreign trade would be destroyed.

But from the League point of view, no indefinite period of time was available; sanctions must be effective enough to bring peace before Ethiopia was overrun. Clearly Laval and some others would have liked a long pause after the first steps. But no true friend of the League as against Italy could accept such a view. Sanctions were not an end in themselves, but a means to an end.

It is a striking fact that the first proposals for more drastic sanctions came from two lesser nations, South Africa and Canada. South Africa's representative on the Cöordinating Committee, worried by the danger of large re-exports to Italy, proposed that shipments of key products to

Where Italy is seeking colonial expansion

non-members like Germany should be restricted to the average of the three past years. No doubt the same rationing plan would be applied to non-participating members like Austria. But Canada proposed far more drastic action. Her representative suggested that oil, coal, iron and steel be added to the embargo list as soon as the principle of such embargo were accepted widely enough to make its application effective. A subcommittee adopted the Canadian proposal, but further action was then deferred.

Oil is by far the most important of the four commodities named; and as December opened, a furious international discussion was raging upon the advisability of placing it under embargo. Fascist leaders made no secret of their anxiety. Italy's sea lines were maintained in part by oil-burning ships; the Italian armies in East Africa were relying upon airplanes, tanks and motor trucks. Remove the oil supply and all the advantage of mechanized warfare would be lost, and the numerically superior Ethi-

opian forces might prevail. A really effective oil embargo would be second in decisiveness only to the closing of the Suez Canal or to a general blockade. The conditional nature of the Canadian proposal arose from the fact that no embargo could succeed without at least partial cooperation from both the United States and Venezuela.

For three reasons the imposition of the oil embargo encountered delay. The first lay in French political exigencies. On Nov. 28, after five months of freedom to govern without parliamentary interference, Laval once more faced the Chamber of Deputies. His fate was uncertain, and it was impossible for him to leave Paris until it was settled. At that time the postponed meeting of the Subcommittee of Eighteen to decide on additional sanctions had been set for Dec. 5, but Laval found the date too early.

The second reason lay in vehement Italian threats. On Nov. 23 spokesmen for the Italian Government declared that it might well withdraw from the League if further sanctions were applied. As the probability of League action increased, so did the tension in Rome. By Nov. 27 headlines were again speaking of a general war. On Nov. 28 the Rome correspondents reported government officials as declaring that Italy would prefer "national suicide" to a lingering defeat by deprivation of vital supplies. Leaves were suspended, and mysterous troop movements reported. It is probable that this was pure bluff, for even Mussolini's recklessness has its limits. London and Paris dispatches on Nov. 29 stated that Premier Laval had told Ambassador Cerruti that warlike measures against Great Britain would be regarded as acts of hostility to all League members, including France.

But the excitement shown in Rome certainly reinforced the third reason for delay—to give time for another peace offer. The date for the meeting of the Subcommittee of Eighteen was postponed to Dec. 12.

As Great Britain and France had urged a peace plan just before the first sanctions of Nov. 18, so early in December they again urged peace before imposition of an oil embargo should be definitely decreed. On the one hand, Sir Samuel Hoare made it clear that at the meeting on Dec. 12 he would demand firm action. On the other he pleaded for a compromise. Addressing the House of Commons on Dec. 5, he appealed to Italy to dismiss the suspicions that Great Britain had sinister motives in supporting the League, that she wished to humiliate Italy, or that she wished to destroy the Fascist régime. Instead, Great Britain wished a strong and honored Italy. "Cannot we * * * concentrate in the immediate future upon finding a basis of settlement making it possible for the world to return to normal life?" The French at the same time placed hopes upon the meeting of Laval and Hoare scheduled for Dec. 7. And it was not without significance that Haile Selassie had appealed to the Coptic Patriarch to act for peace.

It was reported that the plan drafted by Maurice Peterson and Count de St. Quentin for this new "peace offensive" included large frontier "rectifications" in favor of Italy in the Tigré and Harrar; cession of all Ogaden to Italy, with other territory south of the eighth degree and east of the thirty-eighth or fortieth parallel; and cession by Italy of the port of Assab in Eritrea to Ethiopia, with some surrounding territory, and a corridor reaching back to the Jibuti railroad. The main body of Ethiopia

would remain free and independent, though Haile Selassie would be encouraged to seek foreign aid (of which much might be Italian) in developing his country.

THE NAVAL CONFERENCE

It was generally expected that the naval conference which began its sessions in London on Dec. 9 would result in nothing or next to nothing. France was represented by François Pietri, her Minister of Marine; the United States by Norman H. Davis, Under-Secretary of State Phillips and Admiral William H. Standley; Great Britain by Sir Samuel Hoare, and Japan by two of her ablest men. The larger British Dominions, Canada and Australia, were for the first time separately represented; and most of the delegations included a considerable body of experts. The obsequies of naval disarmament, in short, were to be largely attended. Meanwhile, steel interests and gunmakers rubbed their hands over the announcement of the latest edition of *Jane's Fighting Ships*: "Everything points to 1936-37 as likely to be the boom years for naval construction."

While the conference had only begun its deliberations as this was written, the first day's discussions showed an ominous difference of opinion. Mr. Davis read a letter from President Roosevelt indicating that the United States would seek a general reduction in naval armament; representatives of the other powers seemed in no mood to accept reduction. No modern conference of great nations had ever begun under less auspicious circumstances.

Italy in the Grip of Sanctions

By WILLIAM E. LINGELBACH

ITALY, confronted in November with an economic boycott by fifty-three nations, remained defiant. Mussolini ordered drastic measures to meet what he described as an "iniquitous war against the civil population of Italy." On two occasions during the month the King publicly proclaimed his support of the national policy, while the Grand Council voted to make Nov. 18—the date the sanctions went into effect—the day of "ignominy and iniquity." Decree after decree dealing with economic, financial and military matters was issued, eighty-eight being approved by the Cabinet on Nov. 30. Taken together they involved a regimentation of the nation's life as far-reaching as the changes caused by the economic necessities of the situation. On Nov. 11 the government established an import monopoly for 197 articles, from meat and fish to motion picture films.

A week later a virtual monopoly on the nation's gold was proclaimed, the National Institute for Foreign Exchange being authorized to control all gold transactions. Before selling or exchanging gold Italians must first offer it to the government monopoly, which agrees to return the same amount and quality with 5 per cent interest after a year. Sellers of gold are obliged to declare their holdings and report every transaction, while all citizens are urged to contribute gold articles to the national cause.

Nearly a thousand of Italy's leading women pledged themselves to send all wedding rings to the national melting pot as a great patriotic sacrifice on Dec. 14--the end of the first month of the "economic siege." In the meantime, the King and Queen set the example by sending their wedding rings to Mussolini. Mothers and widows of war veterans, representing every Province, organized a house-to-house canvass to enlist the cooperation of housewives in the general mobilization against sanctions.

The commodity that caused the government most anxiety was oil. So seriously did Mussolini regard the threatened embargo on oil by Great Britain and the League that his Ambassador in Paris was reported to have notified Premier Laval on Nov. 28 that Italy would meet such an embargo by actual war. Next day, however, the threat was considerably modified, Premier Laval having informed the Ambassador that France would stand by Great Britain. How far Mussolini was ready to go could not be told, but troops destined for East Africa, it was said, were being detained in Italy for possible emergencies.

Imports of oil from every available source were sought with all possible speed. Mussolini's agents in Vienna arranged for heavy shipments from Russia and Rumania via Austria. Oil shipments from the United States for October, 1935, rose to more than three times the amount for the same month in 1934. Experts claimed that Italy could obtain at least 65 per cent of her present consumption in spite of sanctions—20 per cent from countries not committed to sanctions, 25 per cent from Albania and a further 20 per cent through the conversion of alcohol and petroleum into gasoline. All firms dealing in oil were ordered to keep supplies at 70 per cent storage capacity. *In the meantime the Standard Oil Company of New Jersey* continued to supply oil to its Italian subsidiary while suit was being brought to limit American export restrictions to implements of war and primary war goods.

The financial situation was obscured by the decision, based on the decree of Oct. 20, to discontinue publication of the monthly financial report of the Treasury and the financial statements of the Bank of Italy. At the end of October the gold coverage stood at about 28 per cent, the gold reserve being somewhat under $400,000,000. According to official statements, this was kept intact during November, despite the heavy drain to meet purchases abroad. The deficiency had been made up, it was claimed, by increased taxation, new loans and the conversion of old bond issues, realization on foreign credits and securities held by private citizens and offerings of gold under the gold monopoly measures.

During the month a 5 per cent bond issue was offered at 95, opportunity to subscribe being open for an indefinite period. Holders of the government's 3½ per cent bonds were permitted to subscribe to the more attractive new issue by depositing their old securities and paying an additional 15 lire a share for the new. The gradual conversion of the old issue on this basis proceeded satisfactorily and was expected to net the Treasury in the neighborhood of 9,000,000,000 lire. Subscriptions to the new issue were also well under way and will yield, according to estimate, somewhat over 2,000,000,000, making a total of over 11,000,000,000 lire for the reserve. The financial situation was therefore not critical for the immediate future, but the strain of financing the Ethiopian campaign and at the same time

meeting the heavy losses entailed in the cessation of exports might eventually prove too great for the country.

The effect of sanctions was sorely felt by all classes. Food prices rose during November, many articles being 40 per cent above the low. According to a statement by the Department of Commerce, foodstuffs and household staples, such as coal, soap, textiles and gasoline, were much higher—gasoline rose from 85 cents to $1.20 a gallon; wheat from 115 to 135 lire a quintal despite an excellent harvest. Compared to an average yield of 53,923,000 quintals for the years 1921-25 and 72,743,000 for 1931-34, 1935 showed 77,144,700 quintals. Many factories were closing for want of raw materials and markets. In some cases capital was shifting to specialties or into war industries. Even where adjustments were possible they involved serious hardships and much temporary, if not long-term, unemployment.

The port of Naples, which has been the great port of embarkation for East Africa, as well as a port of call for all Mediterranean steamers, lost the feverish activity which had characterized it during the past twelve months. Many docks were deserted; passenger traffic practically ceased. Ships of the Dollar Line were the only foreign ships still making regular calls. Peacetime shipping at the port came almost to a standstill, to the consternation and bewilderment of shippers. Oil tankers from the Netherlands and Rumania, together with war transports, now constituted the bulk of the shipping in the harbor. More than any other section of the country, South Italy was beginning to feel that the nation was actually at war. Factories in and about Naples were closing, and labor was vainly seeking employment.

To meet this desperate situation the nation was being aroused to great patriotic fervor. An unparalleled mobilization not only of public opinion but of personal and corporate cooperation was being developed and Mussolini's policy of an "eye for an eye" by a boycott of the trade of all sanctionist countries was inaugurated. For example, 130,000 grocers, representing the syndicate of ninety-four Provinces, voted to boycott all goods from sanctionist countries. The sign "We sell nothing from sanctionist countries" was prominently displayed in store windows in every part of the country. Slogans attacking sanctions featured motion picture and theatrical performances and were accompanied by the reading of the denunciation of sanctions issued by the Fascist Grand Council.

Never before, except in wartime, have the entire resources of a people —economic, financial and social— been so completely organized and focused on definite objectives. At a great mass meeting of the veterans of the World War on Nov. 14, to commemorate Italy's great victory (Vittorio Veneto) seventeen years ago, and again on the King's birthday, Mussolini stirred his hearers to the highest pitch of patriotic enthusiasm by addresses which were broadcast to every part of the land. In the main, Great Britain was the object of Italian animosity. Anti-British demonstrations spread from Rome to other cities. Every act of the British Government was bitterly criticized by the press. Indeed, the Ethiopian venture was almost forgotten in the face of possible war with Great Britain.

The War in Ethiopia

To the war correspondents, many of whom journeyed half way round the world to write graphic accounts of fighting between ferocious and picturesque tribesmen and the modern war machine of Italy, the East African war has so far proved most disappointing. And the truth is that no fighting worthy of the name has taken place during the nine weeks since the Italians crossed the frontier into Ethiopia on Oct. 3.

The strategy adopted by the two belligerents made it inevitable that the early stages of the war should fall short of the dramatic. Emperor Haile Selassie decided upon Fabian tactics and ordered his commanders to withdraw before the Italians, and, while harassing their patrols and outposts, to lure them deep into the mountains, where their lines of communications would be vulnerable and the terrain favorable to surprise attack by irregulars. The Italians, on the other hand, were determined not to be trapped. Their plan was to advance only after clearing the country before them, and then to consolidate each new position and make sure of communications.

After occupying Makalle, which is about seventy miles from the Eritrean frontier, on Nov. 8, the Italians settled down to the work of eliminating bands of Ethiopian irregulars behind their advanced lines and of road building. In Ogaden one of General Graziani's mechanized columns drove up the Fafan River to Dagah Bur on Nov. 10 but was forced to retire. Unseasonable rains in Ogaden virtually destroyed the usefulness of the Italian tanks and brought about a postponement of Graziani's drive on Jijiga and Harrar. Such activity as there was between Nov. 10 and Dec. 6 took the form of skirmishes and the bombing of Ethiopian towns and troop concentrations by Italian planes. Dagah Bur, south of Harrar, was bombed almost daily, and on Dec. 6 a fleet of nine Caproni bombers attacked Dessye, where the Emperor had set up his red war tent. Haile Selassie was reported to have manned a machine gun against the planes. The royal palace at Dessye and much of the town were destroyed by the bombs, while the American Hospital and Red Cross tents were hit. Dessye was again bombed on Dec. 7.

Premier Mussolini recalled General de Bono from the command in East Africa on Nov. 16 and replaced him with Marshal Badoglio, Italy's greatest soldier. It is difficult to appraise the significance of this change. In some quarters Mussolini is believed to have become dissatisfied with de Bono's cautious policy and to have demanded a more vigorous and decisive campaign. Others suspect that Mussolini wanted de Bono, who is an uncompromising Fascist, by his side in Rome as a precautionary measure, and that, since the Ethiopian war had reached a difficult stage, the lukewarm Badoglio was sent out to shoulder the blame if there should be disaster.

Reports that Marshal Badoglio planned to press forward at a faster tempo were not immediately borne out. He arrived in Eritrea on Nov. 27 to take charge, but a fortnight later had given no sign that he would adopt a different type of strategy from de Bono's.

R. L. B.

Industry's Attack on the New Deal

By CHARLES A. BEARD

THE closing weeks of 1935 revealed some positive trends in the thought and practice of the Roosevelt administration and of business leadership. Decided efforts will be made to curtail Federal expenditures and to enlarge foreign trade by tariff manipulations through reciprocity arrangements. And the "breathing spell" or "truce with business" is at an end. The administration has taken no steps to interfere with it, but organized industry has declared open war on the New Deal by appeals to the Federal courts and to the country. A campaign as bitter as that of 1860 or 1896 approaches.

From conferences at Warm Springs, attended by the President, his Budget Director, Mr. Bell, and the chairman of the House Appropriations Committee, Mr. Buchanan, came reports that determined attempts will be made to "balance the budget," at least at the Congressional session of 1937. In the meantime material reductions in relief funds will be made at the coming session, with this goal in view.

On returning to Washington on Nov. 27, Mr. Buchanan predicted that the President would not ask for more than $1,000,000,000 for relief in his January budget message. He declared that he himself would be willing to accept not more than a $500,000,000 appropriation to continue the present public works program and would insist upon a curtailment of the expenditures for the Civilian Conservation Corps. He admitted that a difficult problem would arise if private industry did not absorb the better part of the 3,500,000 persons assigned to relief works, but added categorically:

"I am in favor of cutting off direct relief. I think that industry during the next six months should be able to absorb the greater part of those on relief rolls. The country was carrying regularly 3,500,000 to 5,000,000 unemployed before the depression and this can be done again. They talk of a convulsion when relief is stopped. The sooner we have it and get it over with, the better for the country. That is what happens when the government goes into relief."

Although President Roosevelt did not immediately confirm the view presented by the chairman in charge of appropriations, he let it be known that he and his advisers were preparing to make substantial reductions in the next budget. On Dec. 4 "persons who have talked with President Roosevelt" announced in Washington that he regards $5,000,000,000 as the "limit" to be suggested to Congress in his budget message of January, 1936. According to this report, cuts will be made in relief appropriations and the expenditures of all departments, "except perhaps the army and navy," and the question of new grants for relief will be left to Congress.

If these reports were authentic, then former relief policies will be abandoned. Yet in his message to the conference of Mayors near the middle of November the President had made a specific pledge: "The Federal Government * * * does not propose to

let people starve after the first of July any more than during the past few years." And Harry L. Hopkins, Works Progress Administrator, was emphatic in informing the same conference that "the government of the United States and its States and cities have put their hand to this plow and it will never be taken away. We may change our methods and expenditures, but in one form or another these people at the bottom of the heap are going to get care."

This position the President later confirmed in an address at Atlanta, Ga., on Nov. 29, in which he again rejected the dole and insisted on the obligation of the government to build still higher "the barrier" between the unemployed and "moral disintegration." Whether he intends to follow Mr. Buchanan into and through "the convulsion" was thus left in doubt, but the latest reports indicated that the President may let Congress decide that point.

In the sphere of domestic actions impinging on foreign relations, the old contradictions within the Roosevelt system appeared to be passing. The reciprocity treaty signed with Canada in November (see page 408), accompanied by Executive approval and explanations, placed the President on the side of Secretary Hull. Thus the administration repudiated the philosophy expressed in the declaration that broke up the London Economic Conference of 1933, and likewise the hard-bargaining policy espoused by the former adviser on foreign trade, George N. Peek. In other words, great reliance was to be put after all in cutting tariff schedules and stimulating foreign commerce, as a means of "priming the pump." The ancient Democratic doctrine of lowering the tariff was to have approval—a limited approval, no doubt, but still an emphasis.

Whether that emphasis was heavy enough to effect any drastic shifting of industry and trade or to raise the old tariff specter again could not be determined by the events of the brief period following the conclusion of the treaty. On the whole, American manufacturing interests, except timber producers, distillers and a few other specialists, could expect advantages from the treaty. In substance it was not far from the terms of the historic reciprocity proposal by which President Taft helped to split the Republican party in 1912. It offered the same points of irritation to certain agricultural interests which Western Progressives then employed in their appeals for support against the conservative Republicans—with what result history records. With some irony, agrarian critics pointed out the paradox of admitting Canadian milk products at a time when American farmers were compelled to reduce milk production under the pressure of low demand and in some cases under State systems of quota allocations.

In the circumstances, a few Republican tariff doctors threatened some disturbance, but their position was difficult. They had promised prosperity under protection in 1928, and failed to deliver. After all, Mr. Hull's specific might stimulate the patient, if nothing more, by alterative treatment. Moreover, American manufacturing interests with branch factories, concerns and holding companies in Canada were, for the most part, favored by the new reciprocity treaty and in a position to safeguard their advantages either way. At the same time the Roosevelt administration, by paying American farmers for not producing commodities with which imports from Canada might compete, was able to use sedatives in the West, where an agrarian revolt, after the fashion of

1912, might otherwise be aroused and exploited by the opposition.

Not without justification did side-line observers set down the Canadian reciprocity treaty as the freak of the season. That it may prove to be the great boomerang of 1936 was indicated on Dec. 1, when George N. Peek tendered his resignation as head of the Export-Import Bank and foreign trade adviser and President Roosevelt accepted it. Thus the long-expected break over diametrically opposite conceptions of foreign and domestic policy was definitely made, and the President threw himself on the side of the Hull-Wallace combination that still adheres to the tradition of low tariffs and laissez faire in commerce as the best hope for bringing "recovery" in agriculture.

A similar definition of administration policy came in connection with that other domestic phase of foreign relations, the ship subsidy debate. There was a time, 1908 for instance, when the Democratic platform denounced a ship subsidy bill as "an iniquitous appropriation of public funds for private purposes," but that is ancient history. Other times, other morals. If, however, the policy of the Neutrality Act of 1935 is to prevail and naval protection is to be withdrawn from those who fain would make profits from belligerents abroad, as sanctioned by President Roosevelt, then doubts may fall upon the practice of subsidizing merchant ships to support the navy, while increasing the navy to support the enlarged merchant marine.

Yet in speaking before the American Merchant Marine Conference in New York on Nov. 18, Secretary Roper proclaimed anew the Mahan doctrine of sea power as the administration creed. "When navy treaty strength is finally reached," he said, "the disparity between our first and second lines of defense will be more strikingly apparent unless in the meantime we build up the merchant marine." On behalf of the President he announced that the accomplishment of the purposes of the merchant marine would be brought about by the substitution of subsidies for mail bonuses. To the alarm of his auditors, the Secretary added: "Let us say here with great frankness that we are at the critical point in our merchant marine situation when the industry must support an approach of this kind if government ownership and operation is to be delayed or prevented."

In any case, the shipbuilding interests, now largely supported, like millions of unemployed, by public funds, had no cause for discontent; the construction of a government passenger ship pays as well as the construction of a battle cruiser.

Harmonizing with the President's swing to Secretary Hull's trade policy and Secretary Roper's sea-power policy was the appointment of the American delegation to the London Naval Conference. At the head was placed Norman Davis, Ambassador-at-Large to Europe and other foreign parts, and supporter of the Hull trade and peace measures. And in the membership of the delegation the Hull-Roper conception of domestic and foreign affairs was more than represented. In fact, not a single person associated with, or even tinctured with, any other ideas of sea power, trade promotion, or Kellogg peace "strategy" was included in the group sent to negotiate at London. In fine, the philosophy announced to the London Economic Conference of 1933 by President Roosevelt was either forgotten or repudiated in the personnel of the new delegation.

Alfred Mahan, Henry Cabot Lodge

and Theodore Roosevelt, if they were here, would rejoice in this "stroke of state" by the administration of Franklin D. Roosevelt, as far as merchant marine policy and naval conceptions run. In this manner Philippine independence and neutrality were reconciled with an emphatic continuance of the sea-power tradition.

In matters purely domestic the truce with business, later changed into the breathing spell, occupied the customary attention, especially as an improvement in railway earnings for the Autumn was reported and stock market prices rose with increasing production. But there was a new strain in the accommodation. Any doubts on that score were removed by an event at the New Orleans convention of the American Bankers Association near the middle of November. President Roosevelt and Jesse H. Jones presented cordial greetings, but the convention departed from precedent by rejecting on the floor the report of its nominating committee which offered for second vice president a banking associate of Marriner Eccles, chairman of the Federal Reserve board of governors. For the nominating committee's candidate the convention substituted O. W. Adams of Salt Lake City.

Before the contest took place Mr. Adams had made his bitter opposition to the New Deal clear in the following words: "We must provide the remedy [for the government's spending 'disease']. Since it cannot spend without using the bankable funds of the nation, it is up to us to declare an embargo. We must declare that we will not finance further spending until a genuine, honest and sincere effort is made to restore a balanced budget." Thus the highly praised "love feast" was interrupted by the consolidated banking interests of the country.

As if in response to the threatened embargo of bankers on Federal borrowing, President Roosevelt made an amazing revelation in his address at Atlanta, Ga., on Nov. 29. He declared that in the Spring of 1933 "many of the great bankers of the United States flocked to Washington. They were there to get the help of their government in the saving of their banks from insolvency." He then pointed out to the bankers that if the government was to save them and other private interests and "take care of millions of people who were on the verge of starvation," it would be necessary for the government to go heavily into debt for a few years. "Every one of these gentlemen expressed to me the firm conviction that it was all well worth the price and that they heartily approved."

The President then asked the bankers "what they thought the maximum national debt of the United States Government could rise to without serious danger to the national credit. Their answers—remember that this was in the Spring of 1933—were that the country could safely stand a national debt of between fifty-five and seventy billion dollars."

An inquiry among Wall Street bankers immediately after the President's charge produced disclaimers. Assuming that such were the facts, then the publication of the names of the "great bankers" who begged for relief in 1933, and encouraged borrowing to save themselves, might produce no little consternation in the ranks of his foes in the new line-up for an embargo. And to allay doubts on the point, the President later announced that he had papers and letters to back up his statement.

While bankers were not inclined to continue this debate, openly at least, the National Association of Manufacturers, at its convention in New York

City beginning on Dec. 4, in effect declared war on the administration all along the line. "Whether we like it or not," declared C. L. Bardo, president of the association, "industry, much against its will, has been forced, in sheer self-defense, to enter the political arena or be destroyed as a private enterprise. * * * For the past two years industry has been driven into the cyclone cellar and the normal problems of the depression have been magnified many times by a deliberate and well-timed rapid-fire and devastating attack by economic crackpots, social reformers, labor demagogues and political racketeers."

Mr. Bardo and other speakers then made it clear that organized industry, besides appealing to the courts for the annulment of New Deal statutes, will "go to the country" in a concerted effort to drive the Roosevelt administration from power and install "a business administration." Yet Mr. Bardo added: "We must solve the riddle of the famine of plenty. We must balance distribution with production." If the campaign of 1936 is to be as savage as that of 1896, it will nevertheless present other issues besides "honor and virtue" against "demagogy and treason." The truce is at an end; war to the hilt is on.

That Republicans as such intended to join industrialists and bankers as such in allowing the Roosevelt administration no breathing spell was made manifest on Nov. 20, when Henry P. Fletcher, chairman of the Republican National Committee, announced the appointment of "sixteen foes of the New Deal, heads of essential industries or prominent lawyers * * * to raise a fund for the 1936 campaign." At the head of the finance committee was placed William B. Bell of the American Cyanamid Company, and associated with him were, among others, representatives of the powerful oil companies, electrical interests and the steel business. "Most of them," said Mr. Fletcher, "have never before participated actively in politics."

On the Democratic side this stroke of Republican policy was hailed as revealing the intention of the Republicans to throw their "money bags" into the war on the New Deal. One chain of Democratic papers took up Mr. Fletcher's reference to the non-political character of the appointees, went into their past history, and asserted that Mr. Bell, the chairman of the money-raising committee, had once been actively engaged in the "politics" of trying to get hold of Muscle Shoals for the benefit of the corporation over which he presided. But such tactics were greeted by cold indifference on the part of Chairman Fletcher.

Business, in fact, was not giving the Federal Government any breathing spell at all in return for its pledge. On the contrary, corporations and concerns all over the country were attacking in the Federal courts every important phase of the New Deal in the hope of breaking down acts of Congress. On Nov. 7 Judge William C. Coleman of the Federal District Court in Baltimore declared the Holding Company Act unconstitutional in the utilities case characterized as collusive by government representatives. Judge Coleman denied that the action before him was collusive, and held the act invalid on five principal grounds. It violated the interstate commerce clause, the due-process clause of the Fifth Amendment, the postal authority clause, the separation of powers and the Tenth Amendment, reserving rights to the States.

Finding it impossible to separate the invalid from the valid parts of the act, Judge Coleman set aside the entire act. In his opinion Judge Cole-

man went beyond the austere language of law and denounced the act as "flagrantly" violating the Constitution, as "grossly arbitrary, unreasonable, and capricious." Counsel for the defeated party at Baltimore, confirming the theory that the case was not collusive, announced immediately that an appeal would be taken from the decision of the lower court.

As soon as the news of Judge Coleman's decision reached security exchanges utility stocks advanced rapidly, apparently on the conviction that another part of the New Deal had been permanently destroyed. Since the government had not been a party to the action it had no opportunity to press for a review of the decision at an early date, and problems of administration connected with the enforcement of the act were clouded by confusion.

Taking advantage of the breach thus made in the Holding Company Act, powerful utility concerns in Philadelphia and New York announced later in the month that they would not register on Dec. 1, as required by the act; and one of them filed suits for injunctions against the enforcement of the law on the ground that it was unconstitutional. In support of this open defiance of the statute, Philip H. Gadsden, chairman of the committee of utility executives, issued a statement opposing registration, on the ground, among other things, that such action would impair their constitutional rights.

In vain did James M. Landis, chairman of SEC, insist upon registration and contend that no constitutional rights would be injured by compliance with the terms of the law. Other cases involving the statute were raised and thus many legal actions were started on the long and tortuous road leading to the Supreme Court in Washington. A check-up on Nov. 29 showed that at least thirty-eight suits had been brought in Federal courts by major holding companies and their subsidiaries and that eighty-nine applications for exemptions under the Holding Company Act had been filed.

On the hypothesis that the Supreme Court will uphold decisions of lower tribunals against the validity of the AAA, processors of grain, meat, cotton and other products refused in large numbers to pay the processing tax imposed for the purpose of compensating farmers for crop reduction. In November it was reported that the returns from this tax from July 1 to Oct. 31 were less than half the amount during the same period of the previous year. About the same time the announcement was made that the Supreme Court would hear on Dec. 9 the arguments of counsel in the New England textiles case, but its hour of decision was still unknown.

In the expectation that the AAA would be held void, processors who had already paid taxes prepared to bring suits against the government for recovery. In this eventuality, hundreds of claims will have to be heard; and, if orders to pay back millions of dollars are issued, the resources of the Treasury will be drained and new taxes made necessary. That phase of the breathing spell was not easy for citizens with weak hearts.

Special distress was given to strict constructionists on Nov. 18, when Attorney General Cummings, in his brief presented to the Supreme Court as a preliminary in the approaching textiles case, set for argument on Dec. 9, announced that he was relying heavily upon "the general welfare" clause of the Constitution. This clause, he said, "should be construed broadly to permit the levying of taxes to raise revenue for any purpose conducive to the general welfare."

Thus it was made evident that the court will be forced to consider a long-neglected clause of the Constitution; and those uninformed commentators on the document who seem to imagine that it is only mentioned in the Preamble will receive some education in the spirit and letter of the Constitution. Whether interpreted as conveying a substantive power or merely as imposing a limitation on the taxing authority, the clause stands firmly in the section conferring powers on Congress; and the Supreme Court will encounter intellectual and moral difficulties in attempting to expound or nullify it.

While other cases involving the New Deal were rolling and swirling on their way to final adjudication, Judge Elwood Hamilton, of the Federal District Court at Louisville, on Nov. 14, sustained the validity of the Guffey-Snyder Coal Act, in an opinion opening wide the whole question of liberal versus strict interpretation of the Constitution.

In the course of his reasoning Judge Elwood Hamilton took the position assumed by Alexander Hamilton in his memorandum to President Washington on the constitutionality of the first United States Bank—the Constitution is to be interpreted broadly, not narrowly, strictly and in purely legalistic terms. "The people of the States," said Judge Hamilton, "intended to surrender all the rights they had to promote the general welfare that could not be done by the States acting independently," a proposition well sustained by the records of the Federal Convention (1787) if the intention of the framers be construed as meaning the intention of the people (Farrand, *Records*, II, p. 131, Resolution 8). Touching the taxing features of the Guffey-Snyder Act, Judge Hamilton coldly remarked that taxation has been used for many purposes other than revenue, including regulation—another statement of fact beyond dispute.

In other words, when this case comes before the Supreme Court in Washington, embracing a majority of judges belonging to the Federalist-Whig-Republican tradition, that high tribunal will be called upon to repudiate Hamilton and Marshall and all precedents previous to 1922, and to take the position of Jefferson in his draft of the Kentucky Resolutions.

Already Western farmers were preparing to attack the constitutionality of the protective tariff—taxation for protection, not revenue, in case the Supreme Court invalidated the taxing provisions of the AAA, and doubtless they would be joined in this diversion by coal miners and operators if the taxing provisions of the Guffey-Snyder Act were declared unconstitutional, as not designed even mainly or primarily for revenue purposes.

Never before in the history of the country had the uncertainties, delays and economic absurdity of American legal practice been more clearly demonstrated or subjected to more searching scrutiny. A few editors had commented on the confusion, when the Supreme Court invalidated NRA after the lapse of about two years, during which time business had been subjected to limitations and granted privileges involving billions of dollars, all "illegally." Impressed by this amazing anomaly, Governor Hoffman of New Jersey had proposed a constitutional amendment providing processes that would require judicial pronouncement on the constitutionality of statutes shortly after their enactment. Other observers suggested that the Federal Government adopt the system of requiring advisory opinions from the Supreme Court, previous to the enactment of bills, a system already

in effect in a few States; for example, Massachusetts and Colorado.

By the grape-vine route well known to reporters came the news from Washington that several members of Congress were preparing to cope with the amazing situation, in which all great branches of agriculture and industry may be held in half-suspended animation for years, while lawyers and judges expound the constitutional theories supposed to have been entertained by the Fathers of the Republic. Conservatives with a sense for economic realities were as impatient with the system as radicals who proposed to abolish "the judicial veto."

While conservatives were willing to expedite judicial processes by some means, radicals were preparing to slash at "judicial supremacy" by statutory enactment. The strategy of the latter had been expounded by David J. Lewis in a speech in the House of Representatives on Aug. 20, 1935, and given wide circulation in a pamphlet "not printed at government expense." It was, in brief, to employ the undoubted power of Congress to re-define the jurisdiction of the inferior Federal courts and also the appellate jurisdiction of the Supreme Court. By such action all Federal courts, it was contended, could be deprived of the power to pass upon the constitutionality of Federal statutes.

In support of this proposal legislative and judicial precedents were cited. In 1867 Congress made an exception to the appellate jurisdiction of the Supreme Court for the well-known purpose of preventing the court from passing upon the validity of Reconstruction Acts; the next year the Supreme Court refused to "inquire into the motives of the Legislature," called attention to the express power of Congress "to make exceptions to the appellate jurisdiction of this court," and dismissed the appeal for want of jurisdiction (Ex parte McCardle, 1868).

While the exact plan for curtailing judicial power to be presented in Congress was not revealed by sponsors of the New Deal, there was no question about their determination to raise the issue in the coming session.

Independence for the Philippines

By FRANCIS BROWN

WITH pomp and circumstance that included the blowing of factory whistles and the exploding of fireworks, the Commonwealth of the Philippines came into being on Nov. 15. Thousands crowded Manila to witness the inauguration of President Manuel Quezon in the presence of a Congressional delegation led by Vice President Garner. But there was tension in the midst of the rejoicing.

In many minds was the question whether the new State could survive when, after a ten-year transitionary period, it is finally cut loose from American control. What defense can it raise against the growing might of Japan? Will the Commonwealth be able to carry on when the American market is completely closed to its traders? The future may take care of itself, but the present has real problems.

General Aguinaldo and his follow-

ers have opposed the ten years' delay in securing national freedom, which they are not certain will be granted even then. They have stirred up unrest; they have caused outbreaks and bloodshed. They have publicly denounced President Quezon, alleging that his election was fraudulent. Were they also responsible for the theft of 2,000 tickets of admission to the President's inauguration?

When the first President of the Commonwealth moved into Malacanan Palace, where Governor General, now High Commissioner, Murphy had been residing, it seemed that a chapter in the islands' history had been concluded. Pleading for independence is over, for independence has been promised and the first steps along the road toward that goal have been taken. Years of lobbying, years of alternate hope and disappointment, are now past, although as the cheering died away in Manila some observers suggested that the United States had said au revoir but not good-bye.

The islands' new status was made possible by the Tydings-McDuffie Act, which was signed by President Roosevelt on March 24, 1934, and approved by the Philippine Legislature six weeks later, on May 1, the anniversary of Dewey's victory in Manila Bay. A constitutional convention, for which the act had provided, deliberated six months before completing a draft of the new fundamental law. This constitution, signed by President Roosevelt on March 23, 1935, was overwhelmingly ratified in a Philippine plebiscite on May 14. With Manuel Quezon's election on Sept. 17 as President of the Philippine Commonwealth there remained only the formal inauguration of autonomy.

The Philippine Constitution establishes a representative democracy of the familiar type. The President, Vice President and Legislature—a single chamber called the Assembly—are elected by the people—that is, by males 21 years of age who are literate and who meet certain residence qualifications. The President, who serves for six years and is ineligible for reelection, will exercise the executive functions hitherto belonging to the Governor General. Within a week of his inauguration President Quezon indicated that he intended to run the government and the Legislature as well. "I am in office for six years," he said, "and only God can get me out."

In general the Constitution has caused little comment, but there has been some apprehension because of the provisions affecting natural resources. These are declared to belong to the State and "their disposition, exploitation, development or utilization shall be limited to citizens of the Philippines or to corporations or associations at least 60 per cent of the capital of which is owned by such citizens, subject to any existing right, grant, lease or concession at the time of the inauguration of the government." It is further declared that natural resources shall not be alienated and that any grants for exploitation shall have a stated time limit. Finally, "the National Assembly may determine by law the size of private agricultural land which individuals, corporations or associations may acquire and hold, subject to rights existing prior to the enactment of such law."

While the Philippines have acquired the right of self-government, the right is not unrestricted. By an ordinance which for ten years is to be regarded as part of the Constitution, the American Government retains close control of island affairs. All Philippine officials must take an oath of allegiance to the United States; all property owned by the United States is to be

exempt from taxation; the Philippine public debt must be kept within limits fixed by the American Congress, while no foreign loan may be contracted without American approval.

There is also a definite check on the Philippine Legislature, since the President of the United States "shall have authority to suspend the taking effect of or the operation of any law, contract or executive order of the Government of the Commonwealth of the Philippines which in his judgment will result in a failure * * * to fulfill its contracts * * * or which in his judgment will violate international obligations of the United States."

But this is not all, for the United States retains control of Philippine foreign affairs. Appeals from decisions in Philippine courts may be taken to the United States Supreme Court. American citizens are to enjoy equal rights with Philippine citizens. The Philippine President must report annually to the President of the United States and to Congress on the operation of the Commonwealth Government and he must submit whatever other reports may be requested.

Finally, there is an extremely important paragraph in the ordinance: "The United States may, by Presidential proclamation, exercise the right to intervene for the preservation of the Government of the Commonwealth of the Philippines and for the maintenance of the government as provided in the Constitution thereof, and for the protection of life, property and individual liberty and for the discharge of government obligations under and in accordance with the provisions of the Constitution."

This sweeping power seems to make it certain that the High Commissioner who replaces the Governor General will be no figurehead. It also must serve as a check on the self-government which has theoretically been established. Since for ten years American goods are to enter the islands without duty, while exports to the United States are definitely restricted, there is further reason to regard the grant of independence with suspicion.

The Canadian Reciprocity Treaty

By J. BARTLET BREBNER

ALMOST three years of negotiations for a trade treaty between the United States and Canada were concluded successfully on Nov. 15, only one week after Prime Minister Mackenzie King had spent a night at the White House. The rapidity with which the agreement was reached was due to two things—the careful preparatory investigations and exchange of opinion by the American government and the recent Conservative government in Canada, and the conviction of the Liberals now in power that it was worth while to make concessions.

The parties to the treaty were by no means equal, for in addition to disparity in total economic strength, Canada's prosperity depends on exporting more than a third of her annual production. Her traditional method of dealing with this situation had been to play off Great Britain and the United States against each other for the Canadian market. She retaliated against the United States in 1930

after the Hawley-Smoot tariff, and replied to the American fiscal tariffs of 1932 by concluding agreements at Ottawa in a successful effort to increase Anglo-Canadian trade. In keeping with this tradition Mr. King told inquiring Washington reporters that he had intended to go first to London.

Two kinds of American enterprise in Canada added complications. American branch factories to the number of 1,800 created a very substantial American interest in favor of Canadian tariffs against American goods. Over $4,000,000,000 of American capital in Canada was endangered unless the world, including the United States, allowed Canada to make some money out of exports. When the Canadian economy had operated at a loss, the Canadian dollar was depreciated. When, even with that export advantage, the balance of trade continued adverse, the Conservative government went off gold and cut down imports by executive additions to the tariffs so as to have enough gold and credits to keep Canada's financial reputation clean in the United States. Canada continued to buy much more from than she sold to the United States, but the volume of purchases was greatly reduced and the prices greatly enhanced.

The complete treaty, which was published in *The New York Times* of Nov. 18, amounted to a broad, but distinctly shallow, exchange of concessions because both governments were anxious to minimize particular competitive elements while emphasizing general mutual advantage. This is no place for a detailed rehearsal of the new rates on "tassels, guimps, and fringes" and all the other odd items of the schedules, but a few generalizations can be made. Canada lowered her tariffs slightly but appreciably to about the 1930 pre-Bennett rates or lower on some 767 imports from the United States. Important kinds of machinery, including automobiles, electrical devices such as radios and refrigerators, and agricultural machinery, were included as well as books, films, meats, eggs, wheat, early vegetables and fruits. Tractors, cotton, lemons and magazines were put on the free list, as were oranges during the American export season.

In general, the United States received the Canadian intermediate tariff or better on 75 per cent of its normal exports to Canada and a guarantee of unconditional and unrestricted most-favored-nation treatment except in so far as the British Empire was concerned.

In return the United States maintained the free list that accounts for 44 per cent of Canada's normal exports to the United States, including products like newsprint, rough timber, wood-pulp, nickel and asbestos in which the United States is deficient. The United States also reduced tariffs roughly from Hawley-Smoot to Fordney McCumber levels on 60 per cent of Canada's normal dutiable exports, that is, on 17 per cent of her total exports, to the United States. A special reduction was made in the customs duty, but not the excise, on whiskies aged in the wood, but this would benefit Canada only until 1937, when American stocks would be matured.

On the basis of 1934 trade, which was about one-third of 1929, it was calculated that Canada's concessions were worth $9,000,000 to the United States in return for concessions of $4,000,000. It was reported from Washington that satisfaction with this bargain was being semi-officially restrained in order not to embarrass Mr. King in obtaining ratification from the Canadian Parliament. Too early jubilation and talk of inevitable

annexation defeated the 1911 reciprocity treaty in Canada after it had been ratified by Congress.

But Canada's most serious surrender was not in the moderate tariff reductions on which these calculations were based but in promising not to employ the executive devices of arbitrary valuation, restricted discounts, exchange and dumping duties, which had sometimes doubled the duties in the past. Curiously enough, two days before the treaty was signed, the system of arbitrary valuation was declared invalid by the Exchequer Court at Ottawa after a long-drawn-out legal battle.

Canada's swift acceptance of the apparently unfavorable American terms was in fact explainable only in the light of Mr. King's conviction that the growth of economic nationalism must be checked at almost any cost. He announced during and after the election campaign that he proposed to lower Canadian tariffs to increase trade, and within a month of his victory negotiations for new reciprocal agreements were under way with the United Kingdom, Japan and Russia.

Naturally Republicans in the United States and Conservatives in Canada have been trying to make political capital out of the treaty. Yet a close examination of it reveals no concession substantial enough to put legitimate American or Canadian producers out of business. Consumers in both countries seem certain to benefit, although moderately, and the recent increase in Canadian-American trade should be somewhat accelerated. The one danger seemed to be that Canadians might buy more from the United States than they could afford.

That Canada and the United States are competitors was revealed by the American quota system, by a revision to favor the entry of goods to Canada through American ports, by a number of rather novel safeguards to cope with changed trade and exchange circumstances, and by elaborate provisions to permit the treaty in whole or part to be denounced on as short notice as thirty days. Presumably the special interests in each country, which promptly raised the cry of unfair competition, might modify the treaty before its termination in 1938. In Canada the chief complaint came from automobile and textile manufacturers, in the United States from the Western lumbermen and some special agricultural groups. Publicly expressed satisfaction in both countries was rather uncritical. The deft and foresighted statement of the case for the treaty by the American Department of State undoubtedly took the wind out of the sails of all but the closest and best-informed students of the document.

President Roosevelt on Dec. 2 proclaimed most of the treaty (Articles I, III and IV) to go into effect on Jan. 1, 1936, and the entire agreement after ratification by the Canadian Parliament. By doing so he hoped to dispel the effects of the long-expected resignation of George N. Peek, president of the Export-Import Bank and foreign trade adviser. The Canadian treaty turned out to be the last episode in a disagreement over trade and agricultural policies between Mr. Peek and Secretaries Hull and Wallace, which had been going on since 1933 and in which the Secretaries had triumphed. Scenting the possibilities of the treaty as an election issue in 1936, the Republicans quickly tried to get Mr. Peek to join General Johnson as an inside critic of the administration. His only statement was that he was reducing to simple language a report on the treaty for the President.

British Policy in Canada

For the last two generations the Canadian Liberals have been particularly sensitive about any infringement of Canadian autonomy by the British Government. As recently as 1926 Prime Minister Mackenzie King successfully appealed to the country against a Governor General who had exercised his own discretion instead of acting only on the advice of his Canadian Ministers. Again, during the last two months a number of occurrences have seemed to indicate that the British Conservative government was risking this particular kind of Canadian resentment.

To begin with, the new Governor General, Lord Tweedsmuir (formerly John Buchan), who had already disturbed some Canadians by parts of his biography of Lord Minto and by his disapproval of Canada's lone but successful campaign against the Anglo-Japanese alliance in 1921, made a speech in London before his departure for Canada in which he bluntly expressed his preference for the term "the British Empire" to "the British Commonwealth of Nations." He believed, he said, that the imperial association was changing from a mere "alliance of free sovereign peoples" into "a working executive partnership."

When Mr. King went to Washington to conclude a trade treaty, a dispatch from London revealed British apprehensions and that Lord Tweedsmuir had been sent to Canada with instructions to urge the release of the government's wheat purchases so that commodity prices would drop and thus make it less necessary for the Bank of England to buy gold to back an expanding note issue. Constitutionally no Governor General is entitled to make such representations.

The next episode followed the signing of the Canadian-American treaty. Another London dispatch stated that active imperialists had been shocked by it into believing that the Ottawa agreements were no longer a dependable bond of empire. They believed that new links must be forged "in the present red-hot conditions of international conflict" by working out a united front in the Italo-Ethiopian crisis.

This news had hardly sunk in before the Canadian Government found it necessary formally and precisely to disown responsibility for the suggestion made by Dr. W. A. Riddell, its representative at Geneva, that sanctions against Italy to be effective should include coal, oil, iron and steel. The government's statement as it was issued on Dec. 1, read: "The opinion which was expressed by the Canadian member of the committee and which has led to the reference to the proposal as a Canadian proposal represented only his personal opinion and not the views of the Canadian Government."

It was generally felt that the British had prevailed on the Canadian representative at Geneva to send up a trial balloon for them, an impression which was deepened by recollection of a similar incident in the Spring of 1933. On that occasion C. H. Cahan, then Secretary of State in the Conservative Ministry, made a speech at Geneva which the Canadian Government had to explain away publicly. Mr. Cahan, personally convinced that there was something in the Japanese case before the League, served Sir John Simon in his efforts to keep

Japan in the League in a way which the government and the people of Canada felt bound to reject.

The three recent episodes, following unmistakable Canadian objection to a number of such efforts in the post-war years, considerably heightened the chronic French-Canadian fear of Canada's being drawn into war by British policy. Ontario Liberals, however, voiced their regret that Canada was "not entitled to the credit of proposing the prohibition of the export of oil and other key materials."

QUEBEC LIBERAL REVOLT

After giving all but five seats to the Liberals in the Dominion election of Oct. 14, the Province of Quebec almost unseated its thirty-eight-year-old Provincial Liberal government at the election on Nov. 25. Premier Taschereau, who had had a majority of 66 in a House of 90 members, must now face a Legislature with a normal majority of 3 or 4. The result, which was generally interpreted as a revolt inside the Provincial Liberal party, was due to the insurgents of the Action Liberale Nationale joining forces with the Conservatives. The election indicated that the Taschereau dynasty would have to accept some new claimants to the long undisturbed spoils of office. The differences in platforms were negligible.

SOCIAL CREDIT IN ALBERTA

Premier Aberhart of Alberta has chiefly distinguished himself so far by dismissing numbers of civil servants inherited from the previous government. Social Credit has made no headway and Major Douglas's advisory visit was postponed until January, chiefly because the Premier has had to tackle the Provincial debt problem. He would like to refund more than $200,000,000 of the debt of the Province and of its two largest cities, Edmonton and Calgary, but to do so he is dependent on the Dominion, as indeed he is for money to meet the monthly deficits. Meanwhile a steady transfer of wealth from the Province has been going on and those who expected their $25 of monthly credit promptly have become restless.

CANADIAN BUSINESS

While the price of wheat on the Winnipeg Exchange stubbornly remained below the Canadian Government's price to the farmers during November, the Wheat Board has been moving the surplus grain out of the country at a faster rate. Although it seems certain that the operations involve a large loss inherited from the Conservative régime, world conditions favor Canadian marketing during the 1935-36 season in an almost unique way. October's exports were greater than in 1934 and November was following suit, but the visible supply was still larger than a year before.

Thanks largely to the wheat movement and to larger exports of non-ferrous metals and wood products, Canadian economic conditions in general improved. October exports were 25 per cent and imports 12 per cent better than in 1934. For the seven months since March the export increase of 11 per cent and import increase of 7 per cent had widespread effects on an economy so dependent on foreign trade for its prosperity. Larger farm incomes were reflected in a substantial increase in industrial production Most notable was the seven-month increase over 1934 of 31 per cent in exports to the United States.

J. B. B.

Brazil Crushes a Revolt

By HUBERT HERRING

REVOLT broke out in the Brazilian States of Rio Grande do Norte and Pernambuco on Nov. 24. The government at Rio de Janeiro immediately ordered troops, planes and naval units to the centres of revolt, and within four days had made short shrift of the insurgents. In the meantime, on Nov. 27, the revolt spread to the capital, where a battalion of the Third Infantry Regiment and the cadets of the aviation school joined forces with the revolt, but were promptly put down by the regulars, with a loss of some 35 lives and the imprisonment of several hundred participants and suspects. President Vargas, with the consent of Congress, declared martial law for sixty days.

The official explanation of the outbreak had a familiar ring. President Vargas announced with engaging candor that the Communists were to blame, that they were opposing "extremist doctrines and methods of bloody violence to the Brazilian soul," and promised that Brazil should not be brought within the "political orbit of the Soviet Republic." Unfortunately for this explanation, there was no evidence that the Communists, a minute element in Brazil, had anything to do with the revolt. On the contrary, it sprang from the ranks of the younger army officers, many of them sons of the first families of Brazil, and was instigated and directed by Luiz Carlos Prestes, a mildly socialistic and highly regarded leader of the liberal opponents of the dictatorial President. In fact, the demands of the ill-starred insurgents parallel, almost line for line, the campaign promises made by President Getulio Vargas in 1930 at the time he unseated President Washington Luiz.

These demands included the eight-hour working day, equal wages for men and women engaged in equal tasks, minimum salaries fixed with reference to living costs in different sections, one day's rest in seven, annual vacations with pay, hygienic working conditions, two months' leave with pay for women workers before and after childbirth, a shop committee in each industrial establishment to see that social provisions are enforced, unemployment insurance and old age pensions. This is what, with minor alterations, Vargas solemnly promised in 1930, but the exigencies of State have prevented their realization.

The causes of the revolt were various. First and most fundamental is the feudalism that prevails in Brazil. Maintaining a monarchy until 1889, Brazil has since then been only a nominal republic and has done little to shake off its feudal régime. Politics and economic life have been and still are dominated by an oligarchy of great landowners, who control the coffee, sugar and cattle business, and spend much of their time in the congenial air of Paris. The condition of the landless, ill-paid workers is little better under the republic than it was under the monarchy.

Another element was the growth of nationalistic sentiment. This was ac-

centuated by the reciprocal trade agreement negotiated between Brazil and the United States in February and finally confirmed by the Brazilian Senate on Nov. 15. The nationalists saw in the treaty a move to yoke the Brazilian economy more rigidly to that of the United States. The agreement pleased the coffee and produce people while angering the increasingly important industrialists.

There is no evidence that the industrialists backed the revolt, but the debate to which they contributed their protest seems to have undoubtedly helped to arouse the zeal of the younger nationalist leaders who play upon the growing fear of the United States. Luiz Carlos Prestes, the conspicuous leader of that group, demands the expropriation of foreign enterprise "to liberate Brazil from the imperialism of foreign capital." Such changes, however, are to be brought about within the present constitutional framework.

A third contributory factor was the growing power of the Integralistas, the Brazilian Fascist group organized in 1932, and said to number between 500,000 and 700,000. Attacks upon them have gathered force during recent months. On Nov. 12 a group of liberal Congressmen joined in a manifesto against the Fascist party, denouncing them as enemies of the republic and the tools of imperialism. Opposition to this Fascist drift has hitherto been confined to the relatively unimpressive Communist groups, but the November revolt definitely aligns the liberal nationalistic forces against the encroachments of Fascist ideals. Allies in this fight appeared from the ranks of labor and from the Church.

The fourth factor in the movement of revolt was the old regional antagonism that is hardly ever absent in Brazilian disputes. The great diversity of economic interests and enormous distances without adequate transportation facilities have caused substantial areas to remain unrepresented in the active control of the government. Political power has been bandied back and forth between the States of Sao Paulo and Minas Geraes, while the rest of the republic had had to content itself with fitful protest. Brazil remains a loose confederation of strong States, and is not yet a nation.

The defeat of the revolutionists apparently left President Vargas with strengthened hands. His control of the regular army, of Congress and of the press will make it difficult for the Opposition to gather force, but the ills that bred the revolt are still present, and make it certain that he can retain power only by a continuance of the strong arm rule he has exercised for five years.

CHILE AND AMERICAN UTILITIES

The American-owned Chilean Electric Light and Power Company, a subsidiary of Electric Bond and Share Company of New York, had stormy days during October and November. On Oct. 26 the indictment of the Chilean Government was made public. It recited the workings of American capital in Chile, and the successive steps by which control had been gained of virtually all the light and power facilities and the tramways in the principal cities through subsidiary Chilean companies, but with final control in New York. The company was charged with attempting to cover profits and operations in the illegal purchase of foreign exchange—specifically with having used 200,000,000 pesos to buy American dollars through private and illegal channels.

The case aroused a furor, bringing out all the latent anti-American senti-

ment and stirring the Left Wing groups to renewed outcry against Yankee imperialism. Proposals for the confiscation and nationalization of all utility plans were freely aired. Two directors of the company went to jail rather than put up bond. The issue assumed the proportions of a major political crisis, which might have been more serious had not Chile been engrossed with her rapidly growing war trade in copper and nitrates.

The exchange issue was fairly simple. Chile has a managed currency, and the market value of the peso bears little relation to its official price. In actual practice it is impossible to buy dollars through the official channels at the official rate of exchange. The "black market" where exchange is bootlegged offers the only free market. There the peso, officially quoted at about twenty to the dollar, may be used to buy dollars at a rate which has fluctuated during recent months from twenty-five to forty. The illegal black market is officially winked at, and on it the great bulk of business in foreign exchange is transacted. Faced with the necessity of selling its wares in depreciated pesos (and at rates set in the days when eight pesos were worth a dollar) and of paying interest upon its bonds in much harder American dollars, the company simply followed the example of other business interests and bought its exchange where exchange was for sale.

After a month of court actions and of much more extensive trials by newspapers an amicable settlement was reached by the end of November, according to private but seemingly trustworthy advices. Under this agreement the company will consolidate its Chilean holdings for more economical operation, build a 32,500-kilowatt steam-power plant in Valparaiso, and burn Chilean coal. The company is authorized to earn up to 6 per cent on its investment, 5 per cent for interest charges, and 1 per cent for amortization. Earnings in excess of 6 per cent will be divided three ways—by reducing rates to consumers, in payments to the Chilean Government and in dividends to investors. A new board of eleven members will be elected, of which seven must be Chileans. Six of the eleven will be elected by the stockholders and five appointed by the Chilean Government and by Chilean governmental and business agencies.

CUBAN POLITICS

President Mendieta of Cuba on Nov. 27 announced the indefinite postponement of the election scheduled for Dec. 15 because of the deadlock between the major parties over the decisions of the Supreme Electoral Tribunal.

The storm centre in November was the fusion of Nationalists, Republicans and a large bloc of insurgent liberals led by Miguel Mariano Gomez. This combination, backed by Colonel Batista, seemed irresistible, and the election of Gomez was freely predicted. On Nov. 20 the Supreme Electoral Tribunal upset Gomez's applecart by declaring the combination illegal, specifically ruling out any liberal participation in the fusion movement, and stipulating that no candidate might appear on two separate tickets or receive two nominations for the same office. This decision was denounced by the Gomez forces as unconstitutional and as inspired by Mario Menocal, who thought thereby to improve his own chances. Menocal and de la Cruz, the candidates of the other parties, were jubilant. The Electoral Tribunal had effectively eliminated Gomez as a certain winner.

The Mendieta government had in-

sisted on Nov. 23 that no reform of the electoral code would be granted. Then, confronted with the determined protest of the fusion forces, it weakened and on Nov. 29 announced that President Harold W. Dodds of Princeton University had consented to serve as an adviser to the government in suggesting electoral reforms. In the meantime Mendieta threatened to resign, but such a step was not seriously anticipated. On the whole, the postponement of the election brought a sense of relief, for it was generally recognized that if it were held, it would have little reality as a democratic expression, inasmuch as substantial sections of the population were withholding their support. In the meantime, Cuba awaited the arrival of Dr. Dodds, who was expected to reach Havana on Dec. 1.

MEXICO'S FASCIST PARTY

November in Mexico was marked by various acts of violence. On Nov. 20 there was a clash before the National Palace in Mexico City between the quasi-Fascist Gold Shirts and the Communists, in which 5 were killed and 34 wounded. It is questionable whether the Gold Shirts, who have for some months proved a costly nuisance, represent any substantial and important larger movement. This riot solidified opposition against them, and by the end of November it was clear that the government would strip them of their bright colors and retire them to private life.

Conservative Victory in Britain

By RALPH THOMPSON

HARDLY had the ninth Parliament in the reign of King George V been opened on Dec. 3 with the customary speech from the throne when the leader of His Majesty's Opposition rose to protest. What he said was not so significant as the fact that for the first time in four years a critic of the government was speaking for a large proportion of the British people. On Nov. 14 the voters—22,000,000 of a total 30,000,000—had returned a House of Commons more closely reflecting the two nations within the nation. Prime Minister Baldwin's so-called National administration still had a large majority—431 seats as against the Opposition's 184—but in the previous Parliament the proportion had been 513 to 102. In round numbers, 11,800,000 had voted for the government, 10,200,000,000 for the Opposition.

Mr. Baldwin's Conservative party had lost 52 seats, Sir John Simon's National Liberals 5, National Labor, headed by Ramsay MacDonald, 5, including Mr. MacDonald's seat. On the other side of the House, Labor had gained 95 seats, while the other Opposition parties had lost 13, including that of Sir Herbert Samuel, Liberal leader. Thus the real party triumph, if there were one, went to Labor, with several of its influential candidates winning their way back to the Opposition front bench, among them Herbert Morrison, H. B. Lees-Smith and Hugh Dalton. On Nov. 26 Clement R. Atlee, Oxford graduate, lawyer, lecturer, former Postmaster General, was chosen to head the revived party,

a position he had held temporarily since the resignation of George Lansbury.

The Liberals were badly smashed, and with Sir Herbert Samuel's defeat a new chief had to be chosen. For a time it seemed that David Lloyd-George would return to his former post, but apparently he had been in earnest in declaring several months ago that he had had enough of the "misery" of party leadership. On Nov. 26 Sir Archibald Sinclair was given the thankless task of leading the 21 Liberals, including four members of the Lloyd George family.

The new House included 34 miners, 10 railway men, 2 printers, 1 baker, 1 pattern maker, 1 pottery worker, 1 dyer, an Admiral of the Fleet (Sir Roger Keyes), 27-year-old William Waldorf Astor, Harold Nicolson, A. P. Herbert, to mention only a few. It was overwhelmingly pro-government, despite the leavening presence of 1 Communist member and the absence of 2 Republicans from Northern Ireland, who had chosen to represent the anti-British counties of Fermanagh and Tyrone by the strange device of not appearing in Parliament at all. Prime Minister Baldwin could survey the assemblage complacently; the people had given him a clear mandate for the immediate future.

The reorganized Cabinet announced on Nov. 22 was without only one Minister who had been included when Stanley Baldwin succeeded Ramsay MacDonald as Prime Minister in June. This was Lord Londonderry, Lord Privy Seal, whose place was taken by Viscount Halifax, former Secretary for War, while the War portfolio went to a newcomer, Alfred Duff Cooper. J. H. Thomas and Malcolm MacDonald exchanged positions, the latter becoming Dominions Secretary, the former Colonial Secretary (a step down for the irascible Mr. Thomas). The only other changes involved Sir Philip Cunliffe Lister, Secretary for Air, and Sir Bolton Eyres-Monsell, First Lord of the Admiralty; both entered the House of Lords with the title of Viscount. Prophets were confounded by the fact that Winston Churchill received no post; presumably his intransigent attitude toward the Government of India Bill and his recent anti-German explosions had spoiled his chances.

The Cabinet as reconstituted remained "National," with the party representation as before: 15 Conservatives, 4 National Liberals, 3 National Laborites. An interesting situation was created by the fact that neither Ramsay MacDonald nor his son Malcolm had held their seats in Parliament, without which they could not long retain their portfolios. The former Prime Minister, badly shaken up after what he termed a "filthy" campaign in his Seaham Harbor constituency, could of course be made a peer and as a member of the House of Lords remain a Minister, but it was expected that both he and his son would return to the Commons by winning seats at by-elections in Conservative constituencies.

Mr. Atlee opened his attack on the government in the debate on the speech from the throne. The real point of the speech, he declared, was an increase of armaments; all the rest —Britain's obligations to the League and various questions of domestic concern—was "dressing and trimmings." But the government inevitably received its vote of confidence, though whatever exhilaration it may have enjoyed from that was damped by three immediate and grave domestic problems as well as by extremely ticklish questions of foreign policy. The depressed areas demanded treat-

ment. Over the coalfields hung the threat of strike. Unemployment assistance regulation was urgently in need of revision.

In the depressed areas some improvement was visible. No wholesale transfer of workless men and women to more prosperous regions, as was at first suggested, had been undertaken, although 20,000 persons had been moved during 1935. There remained much to do for the areas themselves, because as the Autumn ended the government was still only considering plans and suggestions. It was no coincidence that Labor's strength at the general election had come largely from these economic sore spots.

The coal strike, potentially very serious, was voted on Nov. 11-13 by the Miners Federation. In September there had already been local strikes against the employment of so-called company union miners, those belonging not to the dominant Miners Federation but to a rival organization, the Industrial Union. After various pithead disturbances, aggravated by the self-imprisonment of strikers in coal pits for days at a time, the Department of Mines intervened and a truce was reached, the colliery owners agreeing to dismiss the Industrial Union men and to close temporarily the disputed pits.

The chief reason for the employment of Industrial Union men was that the Miners Federation had long demanded a wage increase of two shillings (50 cents) a day. This the owners had declared they could not afford, and their books bore out the contention. They had refused even to discuss a national wage scale, insisting that all negotiations must be carried on separately in the several coal fields. By Oct. 18 the federation decided to poll its membership on the question of calling a general strike.

Asked to intervene, the Mines Department conferred with representatives of both owners and miners and early in November received a pledge from the owners' central council that district selling organizations would be established in each coal mining area by July 1, 1936. Coordination of this sort had been provided for by the Coal Mines Act of 1930, and miners had long complained that it had not been adopted to reduce uneconomic competition and make higher wages possible. But the miners were now not disposed to wait eight months for increased wages while the owners enjoyed the first share of revived prosperity; consequently they voted to strike. Mediation was still being attempted at this writing in an effort to prevent a general walk-out like that of ten years ago.

As for assistance to the unemployed, new scales of relief to replace those hurriedly prepared when the government's policy collapsed last February were imperative, for criticism of the delay was mounting. Just before the general election the Minister of Labor had announced an increase in the allowance for each child of an unemployed man from two to three shillings, but no statement of a general new scale had been made. Opposition leaders had accused the government of not daring to do so on the eve of an election and condemned the sudden announcement of a higher rate for children as a political trick. For this there was some basis; the increase had been proposed in a report of the Unemployment Insurance Statutory Committee nearly four months before it was publicly announced.

On the other hand, reports of current business encouraged the government. A total of 10,492,000 insured persons between the ages of 16 and

64 were employed at the end of October—14,000 more than in September, 1935, and 289,000 more than in September, 1934. The production of steel in Sheffield was twice as great on Dec. 1 as it had been four years earlier, and the Board of Trade index of general industrial activity during the third quarter of 1935 stood at 110.8, as compared with 103.2 for the third quarter in 1934. Government loans for £300,000,000 opened to public subscription on Dec. 3 were taken up in three hours, despite the lowest interest rate in the Treasury's history on one issue—1 per cent.

IN THE IRISH FREE STATE

In recent weeks rumors again circulated to the effect that peace between Great Britain and Ireland was near at hand. On Nov. 22 J. H. Thomas, with whom few Irishmen could deal amicably, was succeeded as Secretary for the Dominions by Malcolm MacDonald. Five days later a Dublin newspaper close to President de Valera announced that the Free State would soon become a republic, free of allegiance to the British Crown, possessed of its own navy, associated with Northern Ireland in some sort of federal scheme. Almost immediately the Free State Government denied the story, but talks between interested parties on the two sides had undoubtedly been going on in London for some months, and renewed formal negotiations were anticipated.

The Free State Government successfully converted the outstanding £7,000,000 of the first national loan from 5 to 4 per cent. So many bondholders accepted the conversion that on Nov. 18 the Minister of Finance began to return all cash applications in excess of £200. This sign of confidence was the more remarkable in that the fiscal year 1934-35 had ended with a deficit of nearly £2,500,000, about twice that for 1933-34, while for the current year there was every prospect of still another deficit. Trade figures showed that the excess of imports over exports for the first three quarters of the year was somewhat smaller in 1935 than in 1934, though the total value of the foreign trade continued to decline.

NEW ZEALAND LABOR WINS

At the general election in New Zealand on Nov. 27 Prime Minister Forbes's "stable budget" government was defeated by the Labor party led by Michael J. Savage, thus bringing that party into power for the first time in the history of the Dominion and ending a period of four years of coalition rule. Incomplete returns showed that Labor had won at least fifty-two seats in a house of eighty, while the government representation had fallen from forty-seven to twenty. A new conservative third party, the Democrats, headed by Thomas Hislop, Mayor of Wellington, won only one seat. Each of the three platforms promised to restore wages, relieve unemployment by public works and establish a system for national health and superannuation services. Where Labor diverged to the Left was in advocating national control of public credit in order to guarantee stable agricultural prices, restoration of the powers of the Industrial Arbitration Court and a return to complete State control of the State mortgages recently handed over to a semi-private institution.

Disunited France

By FRANCIS BROWN

IN an atmosphere of friendliness and good humor the French Chamber of Deputies met on Nov. 28 for its first session in five months. As there had been rumors of street demonstrations, the Mobile Guards were out, ready for any disturbance, and the police were on the alert. Outside the Palais Bourbon it was drizzling, and perhaps that drizzle was enough to keep people off the street, for nothing happened. Thus the session opened.

While the first vote which upheld Premier Laval on a question of procedure was no *real* test, the size of the government's majority — 120 — surprised those who expected the Cabinet to be overthrown as soon as Parliament met. The following day the Chamber again supported the Premier when by 324 votes to 247 it approved the government's efforts to defend the franc. But all this was only preliminary skirmishing as was made apparent by the heated discussion of the Fascist leagues on Dec. 3.

Two momentous issues cutting deep into the national life are before the French Parliament. One, the economic condition of the country, is most strikingly revealed in the Chamber by the debate on the budget. The other relates to the stability of the Third Republic which has been threatened, so the Left-Wing parties allege, by the armed Fascist leagues, above all by the Croix de Feu. The Laval Ministry has satisfied the country on neither issue, and has been tolerated largely because none of its opponents is prepared to assume the responsibility of government.

Throughout the Summer and Fall an unceasing fire of criticism was directed against the Minstry's decree laws embodying the drastic deflation policy that the government had been empowered by Parliament to pursue as a way out of the depression. The decrees, while reducing public expenditures and private incomes, have affected neither the cost of living nor business activity. Living costs remain high at a time when incomes have diminished and the resulting outcry against the Ministry's policy is not hard to understand. Business, too, has continued to decline as tax returns clearly show. For the first ten months of the year the business turnover tax was 200,000,00 francs less than in the same period of 1934. Income taxes for these months were down 302,000,-000 francs.

Faced with these facts the Finance Committee of the Chamber strove to amend the government's 40,000,000,-000-franc budget. Particular concern was felt for the veteran whose pension had been cut by decree, but an effort was also made to restore something to the salary of the public servant and to the income of the small rentier. M. Laval and his Finance Minister insisted that restoration of these cuts would upset the budget unless new sources of revenue were found. Over these questions the government and the committee wrangled for weeks until ultimately a compromise was reached granting some relief to the lowest class of public servants and the small rentier. The committee on its own accord called upon the gov-

ernment to prepare a plan for creating a pensions fund.

The prolonged debate in the Finance Committe and the arguments between it and the Ministry were apparently responsible for a new financial crisis. Gold, which had been leaving the country since early in September, began at the end of October to flow out still more ominously. The Bank of France statement on Nov. 6 showed that 168,000,000 francs had been lost in a week. The next statement disclosed a loss of 667,000,000 francs, and with this announcement the bank raised its discount rate from 3 to 4 per cent. But this did not seem to check the outflow, for on Nov. 21 the discount rate was raised to 5 per cent and it was admitted that the loss of gold for the week had been 993,000,000 francs. Four days later the rate was fixed at 6 per cent. The statement published on Dec. 5 showed that the total gold stocks had fallen to 66,191,000,000 francs from the high point in 1932 of 83,000,000,000 francs. Even with this loss coverage for the currency approximated 69 per cent.

By some the question was asked whether the financial crisis was not more apparent than real. A flight of capital might well have set in; yet reports from France indicated that the middle classes did not fear for the franc since the hoarding of banknotes continued. Large capitalists were undoubtedly exporting funds, but whether because of genuine anxiety for the franc or because of political reasons could not be determined. Both British and American correspondents in France suggested that the discount rate was raised partly for political effect, the idea being that by staging a financial crisis the Deputies would be frightened into supporting the Ministry's deflation program. Might not the export of capital be similarly explained?

At this point Parliament reassembled. On Nov. 26 Premier Laval had made a radio appeal to the nation to save the franc by supporting his Cabinet. Presumably this address had its effect, but the Deputies' favorable vote of Nov. 28 was due to various causes, not least the unwillingness of any party to bear the brunt of devaluation.

Any change in government, it was believed, would bring on a first-class financial panic, which could end only with a devalued currency after possibly serious disorders. The Radical-Socialists, moreover, know that they are not popular with the Bank of France and that they would find it difficult to secure its aid for the national Treasury if they should assume power in the midst of a monetary crisis. That was their experience in 1926, and their leaders have no desire to repeat it, as Herriot has made clear by his declaration that if the Radical-Socialists overthrow Laval they cannot expect him to take the Premiership.

Although the Deputies voted for Laval's fiscal program, it must have been with tongue in cheek, for there was abundant evidence that opinion upon devaluation was shifting. On Nov. 29, when the government's policy was upheld, a majority of the Chamber applauded various members who spoke for devaluation. Paul Reynaud, a former Finance Minister, who has long been one of its leading advocates, said during the debate: "For four years we have practiced the policy of trying to balance our budget by economy, and each successive Finance Minister has announced in his turn, 'This time I have caught up with the deficit.'

But each time the deficit has been repeated and increased, because it comes from the same cause, an overvalued currency."

Vincent Auriol, a Socialist, attacked the Ministry, saying: "Deflation should bring down the cost of living. Here the cost of living has increased with every successive effort to deflate." Marcel Deat, Neo-Socialist leader, voiced the thought in many minds when he said: "I beg every Republican to realize the historical background. In Germany there was an attempt at deflation even greater than ours. It was the Bruening experiment. It brought in Hitler."

This fear of fascism has become all-pervasive in French politics since the riots of February, 1934. In October the Radical-Socialist Congress demanded that the government suppress the various Fascist leagues—the Croix de Feu, the Jeunesses Patriotes, the Action Française, the Solidarité Française and the Francistes. All these groups were armed, though only the Croix de Feu was regarded as a real menace to the Republic. Despite the attitude of the Radical-Socialists, upon whom in the last resort M. Laval was dependent for his Ministerial life, he hesitated to move against the Fascist leagues.

M. Laval was accused, in fact, of being too friendly with these associations, but they did little to help him resist pressure from the Left. Armistice Day, which many had feared would be a day of disturbance, passed without untoward incident, but five days later, on Nov. 16, a riot at Limoges roused all liberals and radicals to indignation.

News that a secret meeting of the Croix de Feu was to be held at Limoges leaked out and caused Socialists and other bitter opponents of Colonel de la Rocque's organization to gather. Although the police tried to protect the Croix de Feu the situation soon became ugly, and when it began to look as if the police would be overpowered the Croix de Feu leader ordered an attack. Such at least seem to have been the preliminaries. In the resulting mêlée revolver shots were fired, apparently by the Croix de Feu, and more than a score of people were seriously injured, none of them members of the Fascist organization.

Colonel de la Rocque immediately demanded measures by the government to protect the Croix de Feu from "revolutionaries." Otherwise, he declared, his group would be "obliged to take note that the government of the French Republic has willfully permitted the institution of a revolutionary state of affairs and that it accepts the inevitable consequences." This brazen attempt to dictate to the government only further excited the parties of the Left, and for a time it looked as if the Radical-Socialists might turn out the Ministry. In the end, however, they agreed to wait for an inquiry into the Limoges affair and further consideration of measures to curb the leagues.

The Chamber on Dec. 3 thus began to debate the Ministry's attitude toward the Fascists. One Deputy after another during that tumultuous session declared that the Premier and his Minister of the Interior were not qualified to deal with the situation. When Léon Berard, Minister of Justice, tried to defend his department, he was howled down by the Communists and the session was suspended for half an hour. So sensational were the charges presented to the Chamber that the life of the Cabinet seemed to hang in the balance.

Henri Guernut, an influential Radical Socialist, asserted that "the plotting by the Fascist leagues is unde-

niable. Their object is to substitute for the Republic a Fascist régime. They themselves avow it, and Colonel de la Rocque announces as imminent a seizure of power by his Croix de Feu. Not one of the men who have been brought before the highest tribunal of the land during the last fifty years for treason ever menaced the country so seriously as do the chiefs of the leagues." He condemned the government for its inertia and cried: "Either our government will change its methods, or we will change the government!"

Earlier in the day's session M. Guernut offered as evidence articles advocating political assassination. One, signed by the head of Solidarité Française, said: "I take the responsibility for killing Léon Blum [the leader of the Socialists]." Another, from the Royalist daily, *L'Action Française*, asked its readers to shoot down the 160 Senators who favor suppression of the leagues. It was further alleged during the debate that some of the Fascists were holding regular military drill and were receiving instruction in the use of firearms. At this point the situation became so tense that the debate was adjourned.

Dec. 5 was spent in heated but fruitless discussion, and the Laval Cabinet appeared doomed. Then on Dec. 6 came one of those emotional waves which have on many occasions swept the French Chamber. Jean Ybarnegaray, a member of the Croix de Feu, proposed that the government issue a decree against the carrying of arms by private citizens. This brought from Léon Blum the statement: "We are ready to destroy our formations, to dissolve them, if you are." The Communists joined with the Socialists, and thereupon Premier Laval agreed to act.

The Ministry without delay drafted three bills, dissolving the leagues and depriving them of their uniforms, insignia and arms; imposing heavy sentences on any one carrying arms to a public meeting and severe penalties on any one inciting murder, pillage or arson. While the introduction of these measures did not end criticism, the government was saved for the time being and given a comfortable vote of confidence.

All this political turmoil and the social unrest from which it rises had for its background declining business activity and growing unemployment. There was hardly a branch of French industry without a sorry record. The electrical industry, for example, has been hard hit, its activity having been reduced about 70 per cent since 1930. Silk exports only a few years ago were valued at 4,000,000,000 francs, but in 1935 did not exceed 500,000,000 francs. Textile exports, valued at about 13,000,000,000 francs in 1929, were not much above 3,000,000,000 francs in 1935. Wine, which represents about 10 per cent of the value of the total French agricultural output, is so low in price that it can scarcely meet production costs. Only the munitions and allied industries offer a contrast to this woeful story.

BELGIUM'S ECONOMIC OUTLOOK

The Belgian Parliament reassembled on Nov. 12 after a four-months' recess to consider a budget reflecting a general economic improvement. Thus the government estimated that without additional taxes, revenue in 1936 would show over that of 1935 a 10 per cent increase, which, with the economies now in force, was expected to keep the 10,000,000,000-franc budget in balance.

While conditions in Belgium were far from ideal, business was unquestionably better. Figures were some-

what misleading since 1934 was a terrible year, and any upturn therefore seemed the greater, but upturn there had been. Building permits in August, for example, were 135 per cent above those for August, 1934. Department store sales for the third quarter of 1935 were about 23 per cent higher than the previous year. September railway receipts, which budget estimates had set at 183,000,000 francs, totaled 204,700,000 francs. Telephone subscribers increased steadily in the past year, while the consumption of electricity was 17 per cent higher in October, 1935, than in October, 1934. Unemployment tended to decline, reaching the low point of 158,000 for the last week in October.

The one disturbing trend was the rise in the cost of living. A general strike in the coal industry was narrowly averted in November when, because of increased prices for food and other necessities, the miners threatened to leave the pits if wages were not raised. The miners asked for a 5-per-cent increase; the owners countered with an offer of 2½ per cent, contending that a 2½-per-cent increase had been granted in June. This offer, however, was rejected and finally the employers agreed that from Nov. 3 wages should be 5 per cent higher.

Civil service salaries in Belgium are regulated by the official index of the cost of living, which has risen 10½ per cent since the devaluation of March, 1935. It thus became necessary to increase public salaries by 5 per cent by Jan. 1, thereby adding about 250,000,000 francs to the budget. This alarmed some members of Parliament, who suggested that the budget might after all be out of balance and that the recovery program would be upset.

Germany's Economic Plight

By SIDNEY B. FAY

HITLER'S régime will stand or fall, it has been often prophesied, with its success or failure in dealing with Germany's economic problems. What is the situation as the third year of the dictatorship nears its end? On the whole, to one who has recently spent three months in Germany, it appears that Hitler's difficulties are religious rather than economic.

German foreign credit is at a low ebb. Such supposedly gilt-edge obligations as the Dawes and Young Plan bonds are quoted in New York around 37 and 27, respectively. Other public and private obligations are at a still lower figure, because Dr. Schacht, Germany's economic dictator, has been unable or unwilling to permit full interest and amortization payments. Germany cannot borrow abroad to purchase the necessary raw materials and food; she can secure these only by building up a larger balance of exports over imports and by increasing her foreign exchange resources with such invisible items as shipping, insurance and banking services and tourist expenditures.

To secure a more favorable balance of trade Dr. Schacht has used drastic measures. Imports are less than half

of what they were in 1913 and less than a third of what they were in 1929.

In the case of imported foodstuffs the curtailment has gone a good way toward Food Minister Darré's goal of "Autarchie" — toward making the country able to feed the people—but it also contributed to a food shortage in the early Fall of 1935. To relieve this shortage, increased importations were allowed in October: 9,200,000 marks more in fruits, 2,900,000 in eggs, 1,300,000 in butter, 1,700,000 in lard, 2,900,000 in meat (the mark at par is 40 cents). The government also forbade peasants to hold back products in the hope of higher prices or to sell for other than stated prices. These measures appeared to have relieved the food situation, though it caused some discontent among East Prussian peasants. From one point of view the food shortage was a favorable sign: it showed that an increasing number of people were able to buy food. It was mainly due, however, to the poor harvest of 1934, which reduced the amount of fodder and led peasants to slaughter their cattle.

Reduced imports of raw materials apparently have not greatly interfered with Germany's rearmament program nor very seriously crippled her other industries. The needs of the latter have been partially supplied from substitute materials—fibrous wood products for textiles or gasoline extracted from German coal.

Exports have been increased by the subsidy scheme, effective in June, 1935, which enabled exporters to compete in foreign markets by selling below cost if necessary. The money is obtained by a monthly levy on all industries, which is said to run as high as 7 per cent of the annual turnover. The actual details of the scheme are a closely guarded secret and revelations are punishable as "economic treason." The subsidy scheme really amounts to "dumping," though this is hotly denied by Nazi spokesmen. They argue that it is necessary to offset the devaluation of the world's currencies and to counteract other countries' export subsidies. In this way Germans were able to secure the contract—subsequently canceled—for some $19,000 of construction steel for the New York Triborough Bridge, underbidding American steel firms by more than 15 per cent and at the same time paying the heavy American tariff.

Dr. Schacht has also increased exports by announcing that only those firms with a successful export business would receive public contracts. The result of his efforts has been to raise shipments abroad from a value of 318,000,000 marks in June, 1935, to 391,000,000 in October, giving a small but increasing favorable balance of trade. The surplus of exports in September and again in October was 55,000,000 marks. While this surplus does not mean that Germany had the money with which to pay foreign interest obligations or to make more purchases abroad (only about one-fifth of the trade was done on a cash basis; the other four-fifths was by barter or through clearing house agreements, which bring in no gold or foreign exchange), it shows that there is no likelihood of an immediate economic collapse because of foreign trade difficulties.

Germany's gold reserves remained practically unchanged during the Summer and Fall, standing at the pitifully low figure of 88,000,000 marks on Nov. 23. This made the ratio of the Reichsbank's gold reserve to its outstanding note circulation only 2.46, as compared with 2.39 the week before and 2.34 a year earlier.

The German public debt has been considerably increased by a campaign to reduce unemployment and by the rearmament program. Precisely how much has been borrowed for these purposes is uncertain because no budget was published in 1935. Some foreign observers in Berlin have estimated the total at 40,000,000,000 marks and have prophesied that the country will soon go bankrupt unless it reduces its expenses; they say Germany cannot go on borrowing from her own people to provide prosperity.

On the other hand, the German Institute for the Study of Trade Cycles, which publishes official statistics, issued figures in the middle of November which, if complete, are reassuring. Denying that a "secret" debt exists, the Institute places the total public debt on June 30, 1935, at 30,800,000,000 marks, including the recorded debt of 25,800,000,000 marks of the Reich, States and municipalities; the unrecorded debt of 4,000,000,000, consisting of advance tax certificates, employment creation bills and interest subsidy bills; and the 1,000,000,000 marks spent for labor creation by the railway and postoffice systems, which are practically, though not technically, public administrative agencies. The total makes an increase of indebtedness under National Socialist rule of 5,300,000,000 marks. (In reality the increased expenditure was 7,200,000,000, but the total debt was cut down by devaluing the currencies of Germany's foreign creditors.) This increase of 5,300,000,000 marks, the Institute points out, is moderate in comparison with the 10,000,000,000 increase incurred between 1928 and 1931. The total debt, it is argued, compares not unfavorably with that of other nations which have been spending freely to fight the depression. Moreover, during the present year the government has funded 1,800,000,000 marks of its short-term obligations into long-term indebtedness, and taxes for the first half of the present financial year have exceeded the estimates, amounting to 4,500,000,000 marks, as compared with 3,900,000,000 in the first half of 1934-35.

On Dec. 4 the German Government prohibited, except under strict limitation, the reimportation of marks circulating abroad. By this action the German mark, which has often been sold abroad at a large discount, became a purely domestic currency, the parity of which is determined by government fiat rather than by any intrinsic value of its own. The decree affects several millions of marks in German banknotes believed to be in foreign countries as a result of the flight of capital caused by National Socialist economic policies and the liquidation of Jewish-owned property.

This new order against the importation of marks might, under ordinary circumstances, be regarded as a danger signal for inflation, but in his speech before the German Labor Front at Leipzig on Dec. 4 Dr. Schacht again repudiated any such intentions: "I guarantee that I shall never participate in any such action, and you, my friends, have the Fuehrer's words that he will never permit it."

GERMAN CHURCH AFFAIRS

Dr. Hans Kerrl, Minister for Church Affairs, who has been trying to bring together the Opposition Pastors and the official German Evangelical Church by means of a "neutral" church commission appointed by him but selected from clergy of both groups, has had anything but easy sailing. In an address to the German theological students in Berlin on Nov. 13 he made a concession to the Opposition Pastors by declaring that "the Fuehrer prin-

ciple does not apply to the church." This meant ostensibly a clean break with Reich Bishop Mueller's former policy of attempting to enforce the dictatorial principle in church administration. It was tantamount to admitting, as one person told the writer, that "Mueller is dead and buried."

Dr. Kerrl also spoke much of "faith," but it was evident that what he had in mind was faith in Hitler and not the Christian faith in God. Referring to the Munich beer-hall putsch, he said: "We recognized in 1923 what Jesus meant by the faith that moves mountains." Many of the Protestant pastors did not believe that Dr. Kerrl was sincerely religious, or that, even if he were, he would be able to enforce a settlement satisfactory to them.

This impression was strengthened when on Dec. 1 Dr. Martin Niemoeller, best known of the independent pastors, publicly charged the government with aiding and abetting the introduction of heresy into the teachings of the Protestant Church. A similar defiance was read from many other pulpits. Dr. Kerrl retaliated the next day by decreeing the suppression of all groups that in the future objected to his newly appointed church commission. He forbade any other clergymen to nominate pastors, examine candidates for the ministry, issue declarations to be read from the pulpit or collect or administer church taxes.

On Dec. 3 the Confessional Protestant Synod flatly defied Dr. Kerrl's decree. Professor Friedrich Dibelius, a distinguished theologian and Confessional Synod leader, publicly ordained five candidates for holy orders in St. Anne's Chapel in the Berlin suburb of Dalhen, where Dr. Niemoeller often preaches. Taking his text from Elijah's flight into the desert, Dr. Dibelius declared: "Whatever may come, we believe that there will always remain the Biblical 7000 who will not bend their knees before false gods."

On Nov. 22 all Roman Catholic libraries in Munich were closed by the police because they had circulated books banned by the Nazi censor. It was said that they would not be allowed to reopen until all offending volumes had been confiscated. The following day Dr. Peter Legge, Bishop of Meissen, was fined 100,000 marks, less 40,000 marks for time already spent in prison, for aiding in the smuggling of money out of Germany to Holland to meet obligations of his bishopric. This was the first case in which so high a Catholic dignitary as a Bishop had been condemned for evading the foreign exchange laws, but hardly a week has passed since early Summer in which some nun or monk has not been brought to trial. It is estimated that the total fines imposed on Catholic charitable and monastic orders for evading exchange smuggling laws now amount to 5,000,000 marks.

During the trial of Bishop Legge, Mgr. Bannasch, chief of the Berlin diocese, and his secretary, Father Boese, were taken into custody by the secret police on charges of sending out political information to the other Bishops in Germany which included matter regarded by the police as of a treasonable nature.

NEW ANTI-JEWISH LAWS

A new series of laws, dated Nov. 14, amplified the legislation in regard to the Jews which Hitler decreed at the Nazi party meeting at Nuremberg in September. In place of the distinction between "Aryan" and "Non-Aryan," there are to be three categories of persons: "Germans and persons of kindred blood," "Jews" and "mixed persons." "Jews" are persons who have at least three racially full Jew-

ish grandparents; also those who are racially 50 per cent Jewish and were members of a Jewish religious community at the time of the passage of the Nuremberg laws of Sept. 15, 1935; those who were married to or have subsequently married a Jew, and those who are the offspring of a marriage with a 75 per cent Jew or full Jew concluded after the passage of the laws or are the illegitimate offspring of either. All other 50 per cent Jews may become Reich citizens and marry Germans after securing the consent of Dr. Frick, the Minister of the Interior, and Hitler's deputy, Rudolf Hess.

"Mixed persons" are those who have only 25 per cent Jewish blood. They may become Reich citizens, serve in the army and hold office, but may marry only Germans, since the object of establishing this class is its assimilation into the German people. Those of 75 per cent or more Jewish blood cannot become German citizens, fly the German flag, marry Germans or hold any office in the State. If they are at present officeholders, they are to retire at full pay at the end of the year; when they reach the retiring age, they are to receive the regular pension.

It was announced on Dec. 5 that henceforth persons emigrating from Germany will be allowed to take with them property worth only 1,000 marks ($400). This will make it impossible for Jews and other refugees to remove the bulk of their savings and other property in any form whatever. This law and new limitations on the economic activity of the Jews which will probably follow mark a decided swing in the direction of the violent Jew-baiters like Julius Streicher and a defeat of the more moderate elements represented by Dr. Schacht and the army.

Party Battles in Spain

By WILLIAM E. LINGELBACH

SPAIN continued to be occupied during November with the Straus gambling scandal, which had forced the resignation from the Cabinet of Foreign Minister Lerroux and his colleague José Rocha. Premier Chapaprieta's reorganized Cabinet received the support of the Cortes, though only 163 out of the 400 members voted. The change marked a further swing to the Right, but it also weakened the coalition based so largely on the sympathetic understanding between ex-Premier Lerroux and Gil Robles, the leader of the powerful Catholic Popular Action.

Largely attended political meetings indicated that the parties of the Left were again becoming active. One meeting, addressed by ex-Premier Azaña late in October, was reported to have drawn a crowd of 80,000, the largest in Spanish history. Leftist papers hailed it as an omen of the movement for the "restoration of the Republic." Among those present were Socialists, Syndicalists and Communists, who thus far have been unable to cooperate, the last two still disdaining the use of the ballot to gain their ends. The meeting therefore furnished evidence against the further swing to the

Right rather than of progress toward a constructive program.

Claridad, the organ of the extremists, published a statement from the Central Committee of the Communist Party, offering the following proposals to the Socialists in accordance with the decisions of the seventh Congress of the Communist International: A united effort for rapprochement with the National Confederation of Workers; a united proletarian front with a view to bringing the peasants into the Peasants and Workers Union; a united front against all Fascists; unity in political matters, including the fusion of youth organizations.

Azaña's address aroused real concern in government circles. Both the Premier and Gil Robles, Minister of War, issued vigorous statements combating his criticism of the government's policy and challenging him to sustain before the Cortes his charges of financial mismanagement. The coalition was manifestly uneasy. It had suffered in the popular estimation from its dilatory tactics in dealing with the October revolt which left a wake of discontent and criticism. This was again brought to the attention of the public during November by the trial of Francisco Largo Caballero, the leader of the militant Socialists.

After spending thirteen months in the Madrid jail, Caballero, testifying in his own defense, accused the police of planting arms in the Socialist Temple in order to implicate him. He denied having incited the revolt, since he had preached only a social revolution to be attained without recourse to arms. Two of Caballero's colleagues, Indalicio Prieto and Margareto Nelken, are fugitives in Paris. At Gijon, two of the revolutionists were recently condemned to death and nine others sentenced to life imprisonment.

In a vigorous address before a great mass meeting on Nov. 19, Gil Robles laid down the lines along which the Confederacion Española Derechos Autonomas (C. E. D. A.), formerly the Accion Popular, expects to appeal to the nation in the campaign. No short cuts toward political objectives will be recognized; progress must be in accordance with law and order; protection of the workers must be provided along with a fairer distribution of wealth; and an effective enforcement of social justice must be guaranteed.

Negotiations for a trade agreement with France have again been resumed with fair prospects for an adjustment of the principal grievances. Negotiations with Great Britain are also pending. According to the trade statistics there has been a decided falling off in British imports from Spain. Spanish trade in general has been declining, the balance having been decidedly unfavorable for some years. The commercial debts in arrears abroad are very heavy, mounting according to reliable estimates to about $75,000,000, with over $15,000,000 due to Great Britain. Under present trade conditions these cannot be met save by foreign loans or by withdrawals from the gold reserve. Should credit be sought through loans abroad, it is clear that advantageous trade concessions might readily accompany the advances. But there are many obstacles.

Premier Chapaprieta, who was also Finance Minister, was unable to balance the budget. Replying to an attack in the Cortes on his financial policy, he issued an emphatic denial that the government had ever contemplated inflation. After a fight over higher taxes proposed in the 1936 budget, the Conservative Catholic party on Dec. 9 withdrew its support of the government. The Chapaprieta Ministry thereupon immediately resigned.

Greece Again Under a King

By FREDERIC A. OGG

GEORGE II on Nov. 25 set foot on Greek soil again after a twelve-year exile. The plebiscite of Nov. 3 by which he was invited to resume his former throne was overwhelmingly monarchist—1,491,992 to 32,452—but no one supposes that these figures reflect the actual balance between Monarchists and Republicans. The coup d'état of Oct. 10 changed what was intended to be a more-or-less objective expression of views into a vote for an accomplished fact, and after twenty years of political turmoil a tired nation chose simply to fall in with what appeared to be a foreordained sequence of events.

The restored sovereign left London for Paris on Nov. 14 on his way to Brindisi, Italy, where he was taken aboard the warship Helli and borne to Athens.

After the shouting was over, cold facts remained to be faced. Those who had engineered the restoration, for example, were not faithful royalists but scheming generals and politicians who had supported the republic until the monarchy seemed a better bet. The popular majority in the plebiscite, moreover, was plainly spurious and no man could tell whether or not the people as a whole wanted monarchy. Finally, the arch-manipulator, General Kondylis—notwithstanding an impetuous assertion that he was "through with politics"—aspired not only to continue as Premier but to be the power behind the throne.

Among the newly-returned monarch's earliest tasks none was more important than to throw off the domination of Kondylis. The King must be an impartial arbiter among all parties, with obligations to none. He had to short-circuit the generals whose machinations underlay all the post-war political changes in Greece and to attach the army to his own person, divorcing it from politics. The extent to which these ends could be achieved would depend largely upon the King's strength of purpose and character.

George II actually is little known, for his earlier tenure of the throne was for only a few troubled months. Among those who know him best, however, he is regarded as a well-intentioned, serious-minded man with democratic sympathies.

He is a great-grandson of Queen Victoria, and this suggests one of the most vital issues connected with the new régime. To what extent is Greece to be linked in foreign policy with Great Britain? It is well known that in regaining his throne the monarch had the warm support of the British royal family. It is rumored, although not definitely established, that he had also some British financial support; 70 per cent of Greece's foreign debt is in British hands, constituting an important economic tie.

On the other hand, Premier Mussolini's government has manifestly been playing for Greek favor. King George called upon King Victor Emmanuel and Mussolini during his homeward passage, and, according to unofficial report, was deluged with arguments for Greek support of Italy. General Kon-

dylis, moreover, is an admirer of fascism, and has long been frankly pro-Italian—so much so that, if he were to dominate the new monarchy, its policy might be expected to swing toward Italy. With Kondylis at least temporarily out of the picture, the King seems likely to succeed in his undoubted desire to maintain the traditional British connection.

The issue between the sovereign and the man who was chiefly responsible for his restoration came to a head when the former proposed to celebrate the launching of the new régime by granting a wholesale amnesty to rebels imprisoned or exiled after the uprising of last March. Finding the Premier violently opposed to the plan, the King sounded out Constantine Demertiz, a member of former Venizelos and Zaimis governments, and finally on Nov. 30 commissioned him to form a "neutral" Cabinet. The first major act of the new government was to sign on Dec. 1 an amnesty pardoning 758 prisoners, and also some 400 fugitives living in France, Italy, Turkey and Bulgaria. Among the latter was Venizelos.

POLISH-GERMAN TRADE TREATY

After three months of intermittent negotiation a Polish-German trade treaty was signed at Warsaw on Nov. 4 by Count Szembek, Acting Minister of Foreign Affairs, and Herr von Moltke, the German Ambassador. The treaty took effect on Nov. 20, and is to run for a year, with automatic renewal unless denounced. By its terms Poland for the first time granted Germany most-favored-nation treatment and agreed to open her markets to German machinery, chemicals and other industrial products in exchange for Polish timber and foodstuffs, especially dairy products and meat.

During the month various arrangements have been completed to remedy partially at least the shortage of motor vehicles in Poland. While the German trade treaty provides for the importation of German cars at reduced tariff rates, government decrees published on Nov. 7 broke the monopoly of the State-owned Polski Fiat automobile works and authorized concessions for new motor factories and assembly plants. Several American companies and American-owned German companies at once began negotiations in Warsaw for the establishment of such plants. Preference was to be given to companies that would use at least 25 per cent of Polish materials.

CZECHOSLOVAK TENSION

The tense situation along the Czechoslovak-Polish frontier has continued. On Nov. 5 the Prague Government declared a "state of emergency" in the town and district of Teschen and sought to prevent acts of violence and hostile demonstrations by the large Polish minority living in the area. In a speech in Parliament on the same day, Foreign Minister Benes emphasized the seriousness of the situation, declaring that, while his country desired close and friendly relations with her northern neighbor, the conduct of the Poles frustrated all efforts to that end. Czechoslovakia, he added, was ready to defend her territorial integrity at all costs.

Contrasting the Minister's friendly gestures with the measures actually adopted by his government, a Polish official statement of Nov. 8 declared that "the arbitration persistently suggested by Benes cannot be applied to a problem which has already been clearly defined by both parties in the agreement [treaty of conciliation and arbitration] concluded on April 23, 1925." By seeking systematically to "de-Polonize" the 100,000 Polish in-

habitants of the region, Czechoslovakia, it was further asserted, has failed to fulfill her obligations under the agreement. The proposal for arbitration was rejected as merely an attempt to postpone and shelve the issue while oppression of the Polish population was continued.

Speaking before a committee of the Chamber near the end of October, Minister of Defense Machnik disclosed that European events of the past two years required strong measures for national defense. Legislation would be introduced, he said, to coordinate existing defense laws, to establish a Supreme Defense Council and to provide for the instruction of civilians in military science. Plans would also be made for the mobilization of wartime production, and for the improvement of the technical equipment of the defense forces. The budget for 1936, introduced on Nov. 14, allocated for military purposes 420,000,000 crowns more than in the preceding year. (The crown is currently quoted at about 4 cents).

THE CROATS IN YUGOSLAVIA

In a notable interview with *The New York Times* correspondent at Zagreb in mid-November, Dr. Vladimir Matchek summed up the minimum Croat program. Croats, he declared, no matter how honestly elected, will never again take seats in the Skupshtina until their demand for national autonomy is met.

Elaborating the "back to 1918" idea, he indicated that what he had in mind was an arrangement on the general lines of that existing between Austria and Hungary under the Ausgleich of 1867. Croatia and Serbia should have a common Foreign Office and diplomatic service; a separately organized, Croatian-officered Croat Army should be subject to a common War Office in Belgrade; a common Ministry of Finance should collect and administer customs revenues. Whatever additional sums were needed to meet joint expenditures should be realized from contributions from the proceeds of taxes levied in each area by an independent Parliament. Finally, a joint Diet at Belgrade with certain defined powers, might be formed of delegations designated from the two Parliaments.

Beyond this, Croatia should be completely independent. Indeed, Dr. Matchek would have the whole of the present Yugoslav Kingdom reorganized in some half-dozen federated but largely autonomous States—Old Serbia, Croatia, Slovenia, Bosnia, Voivodina (formerly Hungarian), Montenegro and Macedonia.

As was to be expected, the reaction to this program in Belgrade, in both government and Opposition circles, was decidedly unfavorable. Agreeing with the Croat leader that the problem must be solved, the critics could only regret that he should waste words on an impossible plan while missing a golden opportunity to secure for Croatia more than has been possible at any time since the creation of the Yugoslav Kingdom. But the shrewd little peasant lawyer was unquestionably speaking the mind of his people, among whom his popularity is now almost as great as that of the martyred Stefan Raditch.

On the first working day of the Autumn session, Nov. 13, the Stoyadinovitch Cabinet won the elections for all five parliamentary committees, but the margin of victory was so narrow as to make the Ministers' hold upon their portfolios decidedly precarious. If the Cabinet fell it was expected to be replaced either by one dominated by the Serbian allies of Dr. Matchek, which would enjoy the

Croats' sympathy but not support and hold honest elections, or by a military dictatorship which would try to solve the Croatian problem by forcing the Serbs to accept most of Croatia's demands. Either alternative seemed to offer more than the Croats can expect from the existing régime.

A NEW BULGARIAN MINISTRY

When the Ministry of Andrew Toschev took office in Bulgaria in April, 1935, it promised to draft a new constitution under which the dictatorship could be abandoned and a parliamentary régime instituted. Despite the clearly understood desire of King Boris, however, nothing was done, and as recently as Nov. 1 the Premier was merely reiterating his earlier pledges. The Cabinet, indeed, took advantage of an alleged conspiracy during the first week of October to proclaim martial law and clamp down the lid upon all elements suspected of disaffection or liberalism. Judicial inquiry has since shown that the supposed plot was a trivial affair, and some observers regard it as having been only an invention of the Ministers.

Internal dissension, coupled with strong pressure from all the former political parties, finally forced the Ministry to resign on Nov. 23. A new Cabinet, headed by George Kiosseivanov, former Foreign Minister, was prompty appointed. It is believed that this time there will actually be an election of a constitutional assembly to formulate a new fundamental law. A firm stand has been taken against the intervention of the army in politics, and General Lukov, the new War Minister, has declared that he will restore discipline in the army.

Memel's New Government

By RALPH THOMPSON

AFTER mysterious and almost interminable delays, a Memel Directorate enjoying the confidence of the Memel Diet was finally appointed on Nov. 28, nearly two months after the Diet elections had been held. August Baldszus, Lithuanian-born head of the German party, was named President, and he in turn named as his associates three other German sympathizers. The Opposition in the Diet, represented by five Lithuanian Deputies, did not obtain a single place.

Since the Memel Statute states unconditionally that a Directorate must enjoy the confidence of the Diet, there was a great uproar in Germany when, after the pro-Lithuanian Directorate of M. Bruvelaitis had resigned on Nov. 5, the Governor of the Territory did not immediately request a representative of the majority to form a new one. The Diet had assembled on Nov. 6; M. Kurkauskas, the Governor, had announced that the Lithuanian Government would give equal and just treatment to all members, regardless of party; and it seemed that the long feud between Germany and Lithuania had ended, with the latter gracefully accepting its loss of ascendency.

But on Nov. 12 it was announced that M. Kurkauskas had asked M. Borchertas, one of the five Lithuanian Deputies, to form a Directorate. This was in clear contradiction of the Statute; an official dispatch from Berlin termed Borchertas "the most fanati-

cal anti-German ever"; and the German Diet majority refused even to discuss the matter of a new executive board headed by him. Kaunas immediately denied that Borchertas had been asked to do more than "explore the possibilities" of the situation, but within the next few days another Lithuanian Deputy, M. Labrenz, was requested to undertake the task.

Lithuania seems to have been finally forced to give over the formation of a Directorate to M. Baldszus by a sharp warning from Great Britain, delivered about Nov. 12. While no formal statement was issued, the semi-official London *Times* printed on Nov. 14 an inconspicuous notice to the effect that the British Government, as a guarantor of the Memel Statute, was "watching developments in Memel in regard to the formation of the new Directorate there." Within a day or so Governor Kurkauskas had become reasonable, and M. Baldszus was asked to take charge.

NAZIS ON THE BALTIC

The attitude of Scandinavian and Baltic nations toward Adolf Hitler and Nazi Germany, never too friendly, has in recent months not changed. Such important Danish newspapers as *Dagens Nyheder* continue to complain about the "threatening" gestures made by Germany against the South Jutland Provinces and about the "treasonable" activities carried on by German groups within Danish Slesvig at the behest of Berlin. The influential Swedish daily *Göteborgs Handels Tidningen* reported recently that the number of German books purchased by Swedish libraries continues to decline. While in 1914 three-quarters of all scientific works were German, the proportion is at present less than one-third; the number of German literary histories has fallen 30 per cent, that of philosophic works 40 per cent.

Even Latvia, which enjoys a régime not much more democratic than that of Germany, recently expressed such anti-Nazi sentiments as to cause the German Minister at Riga to make representations to the Latvian Government. In Finland, where since March, 1934, a special emissary of Alfred Rosenberg has headed the local National Socialist organization and where for some months a growing pro-German sentiment has been apparent in official circles, an opposite course was indicated early in December when the Swedish, Norwegian and Danish Premiers met in Helsinki to confer with Finnish Socialists on general questions affecting Northern Europe. Finland's imports from Germany for the first three quarters of 1935, moreover, represented but 30 per cent of the total imports, as compared with 34 per cent in the corresponding period of 1934 and 40 per cent for that of 1933.

Military cooperation among Sweden, Finland, Latvia and Estonia in the event of a war involving the Baltic area is made more likely by recent official conferences, including the visit to Helsinki late in October of General Jaan Laidoner, Commander-in-Chief of the Estonian Army, and a four-power discussion held in the same city during November. It is generally believed that so long as Finland's orientation is toward Sweden rather than Poland (as for a time seemed possible as a result of the visit of the Polish Foreign Minister in August, 1935) the advance of Nazi doctrines along the Baltic is definitely checked.

War Fears in the Soviet Union

By EDGAR S. FURNISS

ANXIETY in the Soviet Union over its Far Eastern frontiers has been increased by the latest developments in Japanese policy. Japan's encroachment upon the five Northern Chinese provinces did not cause surprise, for it had long been predicted. The Soviet press in fact had correctly interpreted each preliminary step as it was taken during the past year. But Japanese advance once more raised the threat of war.

The disruption of China is not of itself considered a cause for war between the Soviet Union and Japan. Indeed, the Kremlin has announced that it has no intention of opposing by force Japan's penetration of China any more than it opposed her seizure of Manchuria. Soviet policy has been to keep hands off until Soviet territory is threatened, but to fight instantly the first encroachment upon the frontiers takes place.

In the present instance the danger is indirect. It arises from the increased tension between Outer Mongolia and Japan's puppet States in Manchuria and North China. Mongolia's relations with Manchukuo were near the breaking point before Japan moved beyond the Great Wall; the area of possible conflict is now widened by the fact that two of the five provinces embraced in the proposed North China State border on Outer Mongolia.

Why should the Soviet Union be drawn into these conflicts? Eleven years ago Outer Mongolia declared its independence. Neither then nor since has the Soviet Union claimed special rights in Mongolia in the form of a protectorate or otherwise. Nevertheless, the development of the republic has been guided at all points by Soviet advisers. The political structure of Mongolia is modeled on the Russian Soviet system; agriculture and industry have been modernized by Soviet experts and equipped with Russian machinery; the judicial system has been reconstructed, public health and education services organized and developed by technicians sent out by Moscow. In the past decade a feudal and pastoral country has thus been transformed into a much more modern nation, similar in culture and organization to the ways of its great Western neighbor.

Present trends seem to indicate that Outer Mongolia will ultimately become a constituent republic of the Soviet Union on terms of equality with the other republics. The Soviet Union therefore looks upon Mongolia as a potential member of its own family. The country, moreover, serves as an indispensable buffer State against the expanding Japanese power. Finally, an independent Mongolia has economic importance, for its purchases of Soviet goods during the first half of 1935 placed it seventh among the Union's export markets, surpassing Italy, Japan, Belgium and the Netherlands.

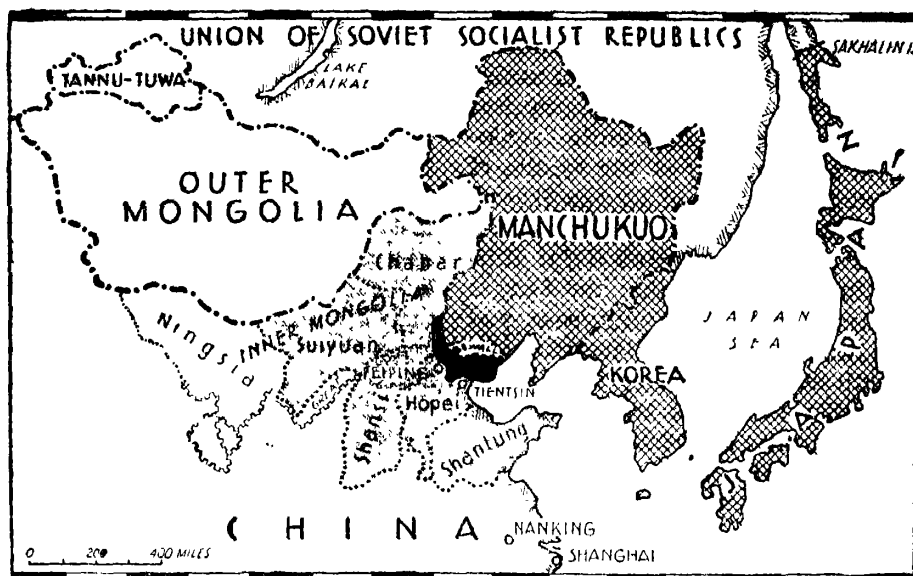
Soviet leaders are certain that Japan's imperial policy includes eventual penetration into Mongolia, a conviction supported by the history of Mongolian-Manchukuoan relations during the past year. On Nov. 27 a mixed commission, which had been

attempting since June 4 to settle a series of border disputes between Mongolia and Manchukuo, broke down, leaving behind greater animosity than before. The commission was composed ostensibly of delegates of the two countries immediately concerned, but since the Manchukuoan representatives were accompanied by Japanese and the Mongolian by Soviet advisers, the issue was really joined between the two great powers.

The conference broke up when Manchukuo demanded that its representatives be established permanently in the principal Mongolian cities in exchange for similar representation of Mongolia in Manchukuo. On the face of it the proposal seemed harmless, even constructive, since it would provide regular machinery for handling grievances. The Russians, however, immediately denounced it as a scheme to initiate the expected Japanese penetration of Mongolia. When the suggestion was rejected by the Mongolian delegates and the conference disbanded, the Manchukuoan Government issued a statement declaring that "Mongolia's freedom is restrained by some outside agency [Russia] and Manchukuo cannot regard Mongolia as an independent nation with which it is possible to deal equally." Similar statements from Japanese sources were interpreted by the Moscow press as threats of military invasion of Outer Mongolia. Meanwhile the disputes which called the commission into existence—typified by an armed clash of Mongolian and Manchukuoan troops on the border last January—remain unsettled.

Against this background of experience with the puppet State of Manchukuo the Japanese venture in North China takes on a sinister aspect in Soviet eyes. The area of friction has already been greatly enlarged and the Soviet authorities now predict that Japanese hegemony will be extended to the whole of Inner Mongolia. Danger of war with Japan because of Outer Mongolia has now been added to the constant threat of conflict on the Far Eastern frontier.

During 1935 no progress was made by direct negotiation either to obtain amends for past infractions of Soviet rights or to prevent the recurrence of similar incidents. Three times in September and October Manchukuoan troops led by Japanese officers crossed the Soviet border in the vicinity of Pogranichnaya to fight with detachments of the Red Army. In reporting the latest of these incidents on Oct. 12, the Soviet press claimed that officers and soldiers of the Union's Far Eastern Army were killed several miles behind the frontier. At the same time Soviet citizens in Manchukuo were being mistreated by governmental authorities. The Russian Government characterized this as intentional persecution. The latest example was the sudden arrest on Oct. 24 of a number of prominent Russians and their imprisonment without trial and without charge. Each of these incidents brings an exchange of notes between the Soviet Union and Japan, which serves only to increase the tension.

Yet neither country desires war at the present time. Japan's energies are otherwise engaged, and while Russia is confident that it is part of the Japanese imperial program to absorb Mongolia and also the Soviet Far Eastern Provinces, she hopes to postpone an open rupture as long as possible. The aggressive tone toward Japan and the frequent boast that the Red Army of the Far East is strong enough to insure victory may seem to contradict this attitude, but the truth is that Soviet anxiety over the

The area in black shows the new "Autonomous" State set up in part of the five Northern Provinces of China (shown in light shading)

state of affairs in Asia reflects a sincere wish to avoid war.

The Soviet Union still needs to concentrate on its internal economic program. Furthermore, there is a growing conviction that the Union's Western frontiers would be endangered if the country was involved in a Far Eastern war. The Kremlin believes that Italy's pre-occupation with Africa permits Nazi Germany to carry out long-cherished designs against Soviet territory. Germany's manoeuvres in the Baltic States, especially Memel, are regarded as only a step toward the consummation of such a plan.

The recent attempts of Germany to reach a better understanding with France and Great Britain, favored by the growing friction between these countries and Italy, are also viewed as a part of the scheme to expand at Russia's expense. The Soviet press offers further evidence. Thus it is pointed out that Nazi propaganda has revived Austrian support of Germany, and that Nazi oratory has united German elements in Czechoslovakia into the strongest single party in the country—on a platform of legal rapprochement with Hitler. The conferences of General Goering and Premier Goemboes of Hungary, which caused much comment throughout Europe, were interpreted in Moscow as indications of a plan to cooperate in this program of Nazi expansion. Of course these are only surmises, supported by Germany's past avowals of her intention to seek aggrandizement in the Ukraine, but they are taken seriously by Soviet leaders, so much so that the conviction of danger in the west has become a determining factor in Russia's Far Eastern policy.

This suspicion of Germany continues to exert a strong influence on Russia's attitude toward the League. The Soviet Union is really unconcerned over the outcome of Italy's adventure in Ethiopia, and finds it difficult to avoid sardonic remarks

on the moral claims made by Great Britain in the controversy with Mussolini. The Union, moreover, is unable to support any of the compromises proposed by the League since they involve some variety of the system of mandates condemned by the Bolshevists. Yet Russia was the first of the great powers to support Great Britain in her demand that the League condemn Italy as an aggressor, and she has subscribed wholeheartedly to sanctions, although they have ended a profitable export trade with the Italian armies in Eritrea.

Russian willingness to join in the ban on oil exports to Italy was foreshadowed in the reply to the Italian note of Nov. 11 to the sanctionist countries. This reply stated that the Soviet Union would support the League's program of sanctions "because any other policy would encourage aggression and would remove any possibility of demonstrating international solidarity in the cause of protecting and strengthening the general peace." Litvinov also stated that his government had "no interest in the Italo-Ethiopian conflict or its outcome," but was acting solely in discharge of its responsibilities to the League, convinced that its protection should be extended to Ethiopia on a basis of equality with other members.

These statements disclose the Union's true interest in the matter. In its view the issue is whether, as a member of the League, it can rely upon collective assistance when it, too, is attacked. The League's abandonment of China has destroyed any hope of such assistance in the event of war in Asia; but the Soviet Union still believes that the League may strengthen the defenses against Germany, provided it can maintain its organization and assert its authority in the present test case.

The possibility that sanctions would be extended to include an embargo on the export of oil to Italy drew attention to Russia's position in the world trade in this commodity. The Soviet Union is expanding its oil production as a phase of the Five-Year program, but exports of oil have been declining. The peak was reached in 1932, when exports exceeded 6,000,000 tons; this total fell in 1933 to 4,890,000 tons, in 1934 to 4,310,000 tons and in 1935 to less than 3,500,000 tons. The decline has been caused in part by Russia's increasing domestic need for oil and in part by the fact that exports are arranged on a political basis with the countries concerned.

During the past two months the Standard Oil Company of New Jersey has been negotiating with the Soviet oil monopoly for the purchase of Russia's entire export surplus. A similar proposal in 1932 came to nothing because the Soviet negotiators demanded a larger export quota—5,000,000 tons—than the purchasers were ready to guarantee. In the present instance the prospects of successful negotiation are brighter. The Standard Oil Company's offer to purchase 4,500,000 tons of Russian oil products annually exceeds the Union's annual sales at this time, and the price guaranteed is said to be higher than Russian oil now commands. If the American oil interests obtain a monopoly of Russian exports, they propose to share their purchases with the two other chief international dealers, the Royal Dutch-Shell and the Anglo-Iranian Oil Companies. The project originated before the question of embargo on Italian trade arose and was designed to stabilize world prices.

Behind the Egyptian Riots

By Robert L. Baker

If Sir Samuel Hoare, the British Foreign Secretary, had omitted one sentence from his London Guildhall speech on Nov. 9, the rioting and bloodshed that began in Egypt four days later would probably not have taken place. Egypt would then have gone on as she has for many years past, irked by her sham independence, while hoping for a restoration of the 1923 Constitution, but willing to postpone indefinitely a showdown with Great Britain.

Most of Sir Samuel's references to Egypt at the Guildhall were conciliatory and reassuring to the Nationalists. He promised that Great Britain would not use the Ethiopian crisis to advance her interests at the expense of Egypt's; expressed Great Britain's gratitude for Egyptian cooperation in the matter of sanctions; denied that Great Britain was opposed to the return in Egypt "of a constitutional régime suited to her special interests." But he then made this statement: "When, however, we have been consulted we have advised against the reenactment of the Constitutions of 1923 and 1930, since the one was proved unworkable and the other universally unpopular."

It is quite true that the Constitution of 1930, which was suspended more than a year ago, was universally unpopular. It is equally true that British and other unbiased observers regard the Constitution of 1923—a slavish copy of the Belgian Constitution—as wholly unsuited to Egypt. In practice, it gave unlimited power to the parliamentary majority—the fanatical Wafd, or Nationalist party—which hamstrung the executive, legislated in the selfish interests of its members and inaugurated a spoils system in complete disregard for efficient administration. The "reserved points" in Great Britain's Declaration of 1922—the Sudan, the protection of foreign interests and minorities and the defense of Egypt and the Suez Canal—were flagrantly violated, as were the solemn engagements of former governments.

But the Wafd, representing the vast majority of the nation, had come to regard the 1923 Constitution as a sacrosanct emblem of freedom. When Sir Samuel Hoare officially doomed it, he destroyed the very basis of the Wafdist program. Just when British policy required peace in Egypt above all else, it is difficult to understand why Sir Samuel and his advisers should invite trouble by defying the Wafd. Even Mme. Zaglul, widow of the founder of the party, declared that there would have been no riots but for the Guildhall speech.

The first result was that the Wafd withdrew its support from the government of Nessim Pasha on Nov. 12, leaving the Prime Minister without any backing in the country. Next day—Nationalist "Independence Day"—anti-British demonstrations in Cairo and Tanta culminated in clashes between students and police. The latter were forced to fire into the crowds and two students were killed, while eighty-eight persons on both sides were injured by shots and missiles. For the first time since the foundation

of the Wafd the British Consulate General in Cairo was stoned. Further riots occurred on subsequent days and by Dec. 2 the casualties numbered eight known dead and more than 300 injured.

The Nationalist press, which did much to excite anti-British feeling, was curbed on Nov. 14, when Premier Nessim Pasha revived the press censorship law of 1914. In a statement issued on Nov. 14, but prepared a week earlier, the Premier attempted to justify his policy since he took office just a year ago. He had, he said, urged the British to agree to the restoration of the 1923 Constitution, but the High Commissioner had recommended the framing of a new one.

Nahas Pasha, president of the Wafd, outlining his party's views on Nov. 17, said: "This is no mere student brawling. Although the party disapproves student disorders, the entire Wafd—in every free election we have won 95 per cent of the votes—also demands that Britain fulfill her promise of Egypt's independence and believes the time is propitious. We want to be Britain's ally, not her vassal. The Wafd, which means the majority in Egypt, has not the slightest pro-Italian sentiment. We in no wise want to exploit the present situation, but we oppose equally British and Italian imperialism. * * * Sir Samuel Hoare's Guildhall speech was the spark which set off the present reaction, convincing the body of Egyptians that Britain does not intend to fulfill her promises. We object to the British fleet being at Alexandria without consultation, as though we were a mere colony. We are ready and willing to sign a treaty with England, permitting her to use our harbors and facilities in case of war, but it must be on a basis of Egypt as an independent ally."

As against the Wafd's demand for complete independence, Great Britain's policy continues to be based on the unilateral Declaration of 1922, which declared Egypt to be "an independent Sovereign State," but with certain questions "absolutely reserved" to the British Government until agreements concerning them are concluded between the two governments. Thrice since 1922 the British have put forward proposals for a treaty in regard to the reserved points, but all have been dropped because of the Wafdist determination to accept nothing less than real independence.

On the other hand, prospects for a solution of the constitutional problem are brighter. There is no reason why the Wafd should continue for long to oppose a new constitution, which it would help to draft and under which it would certainly retain most of the advantages it enjoyed under the 1923 Constitution.

TURKISH AIR POLICY

The frankness with which Turkish leaders assert their aims was strikingly illustrated on Nov. 4, when President Mustafa Kemal Ataturk demanded additional funds from the Grand National Assembly to strengthen the Turkish air forces. An air force was needed that would be strong enough not only to defend Turkey but also, he said, "to cause some ravages in any country that might attack her."

Recent steps to strengthen Turkey's military establishment have been due to anxiety over Italy's burgeoning imperialism, and particularly Italian military, naval and aeronautical activity in the Dodecanese Islands, which lie only twelve miles off the Turkish coast, even if this activity is explained by the fact that the Dodecanese are an imporant base for the Ethiopian war. All the same the Turks suspect that

Italian aviators have been photographing their coast defense positions, and early in November Turkey ordered a partial mobilization of civilian reserves in the region opposite the islands.

Three treaties of friendship, amity and neutrality between Turkey and Soviet Russia were renewed in a protocol signed at Ankara on Nov. 7 by Tewfik Rushdi Aras, the Turkish Foreign Minister, and Leo Karakhan, the Soviet Ambassador.

MIDDLE EASTERN PACTS

The recent conclusion of a defensive military alliance between Iraq and Saudi Arabia was reported from Baghdad, by way of Cairo, on Dec. 2. The treaty is said to provide also for the sharing of diplomatic representation in foreign countries, the unification of the currency of the two kingdoms, legislation to facilitate trade, abolition of passport restrictions and the unification of the military schools and weapons of the two armies.

According to another report the Saudi Arabian Government had received an invitation from Iraq and Turkey to join in negotiations for a non-aggression pact to be signed by Turkey, Iraq, Iran, Afghanistan and Saudi Arabia. A Middle Eastern pact of this kind has been mooted for several years.

Japan Moves Into China

By GROVER CLARK

THE Japanese demand for autonomy for the five North China Provinces (Hopei, Shantung, Shansi, Chahar and Suiyuan) eventuated on Nov. 25 in a "declaration of independence" of eighteen counties in and near the demilitarized zone along the Great Wall.

This anti-climax to all the previous talk about setting a date for the autonomy declaration of all five provinces was too much for the Japanese military leaders in China. Two days later they moved 3,000 troops southward from Shanhaikwan. More followed, and by Dec. 1 the Japanese armed forces in the Peiping-Tientsin neighborhood totaled over 10,000 men. Japanese troops occupied the railway junctions at Peiping and Tientsin, and the more important stations in this area. They upset train schedules for a time, and then began making sure that no more rolling stock went southward to the Yangtse Valley than came north. At the same time Japanese military spokesmen renewed their accusations of the "duplicity" and "lack of sincerity" of the Nanking Government and Chiang Kai-shek.

In spite of this display of force, the Chinese leaders in North China at this writing were still refusing to carry out the Japanese instructions to set up an autonomous administration. Instead, they were offering more resistance than at any time since last June. Even General Sung Cheh-yuan, commander in the Peiping-Tientsin area, whom the Japanese had accepted in this post because of his supposed pro-Japanese leanings, on Dec. 4 issued a strong statement declaring that the autonomy moves were simply a Japanese snare. Generals Shang Chen and Han Fu-chu, Governors of Hopei and

Shantung provinces, declared themselves openly against autonomy, and Marshal Yen Hsi-shan of Shansi refused any part in the autonomy movement. The ambitious chief of the independent eighteen counties, after going into hiding for a time to escape the demands of angry farmers and merchants, was making a pretense of carrying on a "government."

The failure of what the Japanese called the "spontaneous" autonomy movement was unquestionably due in large part to the marked growth of the demand in China that further Japanese aggression be resisted by force. Ethiopia's example has been added to that of the Nineteenth Route Army at Shanghai in 1932 to show the moral advantage to be gained by showing fight. The Chinese also have been encouraged by the strong line that Britain, France and the League of Nations have taken with Italy. It is even said in China that a clash with Japan might be desirable to provide a chance to call on the League to apply sanctions to Japan.

China's new attitude was clearly evident at the Kuomintang National Congress, which met in Nanking from Nov. 12 to 24. The fact that the South and the Southwest as well as the North and the Yangtse Provinces were represented by powerful leaders, was in itself an important indication of how sectional disagreements were being forgotten in the face of Japanese pressure. These leaders made it clear that they wanted no more yielding but resistance to Japan. The Canton representatives bluntly declared that if Chiang accepted an autonomous régime in North China without a fight, they would openly disavow Nanking.

Despite Japanese threats, Chiang sent about 150,000 soldiers to the southern borders of the five Provinces. He has at least that many more near Shanghai ready to move if fighting should start. The concentration of Chiang's troops in the North probably helped the Northern generals to decide against autonomy. Just as much a direct defiance of the expressed desire of the Japanese commanders in China, it encouraged the Northern generals to take the stand that they undoubtedly preferred.

The Japanese commanders in China, particularly General Doihara, have thus received a slap in the face, as well as having been made to appear ridiculous. Statements emanating from Japanese sources on Nov. 17 and 18 were positive that the autonomy of the five Provinces would be declared on Nov. 20. It was not. It was then announced that the declaration had been postponed for a few days. Finally, on Nov. 25, a nondescript collection of hired coolies carrying rifles cluttered up the streets of Tientsin's Chinese city for a day and the autonomy of the eighteen counties was declared. But, according to reports, when the coolies went to the Japanese consulate to collect the 50 cents that had been promised them, the Japanese refused to pay. The coolies, thereupon, loudly declared that they had been "betrayed" and the city police calmly reoccupied the buildings that had been seized. That, for all practical purposes, was the end of that, though the "autonomous" headquarters near Peiping have been kept open.

The Tokyo government itself seems to have been partly responsible for the failure of the Kwantung Army (the Japanese army on the Continent) to force the issue. Foreign Minister Hirota and the military high command in Tokyo have for some time been trying to check the aggressiveness in word and deed of the Kwan-

tung Army and its spokesmen. Representatives from Tokyo were sent to China in October to urge restraint on the military leaders there, but without result. On Nov. 22, however, according to a dispatch from Tokyo, "an official source said the chief reason for the setback in plans to bestow a new régime on 95,000,000 persons in North China was an order by the Army High Command in Tokyo to its subordinates in China to the effect that officers conniving in the separatist movements were exceeding their authority. It was understood the order repeated a previous command from the "highest authority in Tokyo [the term often used in referring to the Emperor] to the effect that the mission of the Japanese Army in Manchuria did not include autonomy manipulations for Chinese Provinces."

Japanese troops began to move south through the Wall on Nov. 27, but without going into action. For a few days the Japanese military spokesmen loudly proclaimed that they had nothing to do with the autonomy movement. They had merely said what they thought should be done, but did not intend to take active steps to see that their views were given realization by the Chinese. The most they wanted in North China was a régime that would maintain order and have relations with Nanking somewhat like those of Canton, not those of an independent State like Manchukuo. This was backing down a good deal from earlier statements.

Even if the Tokyo Foreign Office has not really achieved mastery over the Kwantung Army, the brakes have apparently been put on and even the partial victory is significant.

Tokyo's influence probably also held back the Japanese troops in Shanghai early in November. A Japanese marine was killed on Nov. 9. The Japanese authorities said Chinese were to blame, and demanded an inquiry and punishment of the culprit. Japanese troops to the number of 2,000 or 3,000 were landed. The Japanese newspapers in Shanghai became fiercely indignant. Mud and stones were thrown at some Japanese school children, and the windows of some Japanese shops were broken. For a time it looked as if another Shanghai incident was in the making. But the Japanese quieted down, and nothing happened.

So far Great Britain and the United States are the only powers that have said anything regarding Japanese policy in China. The British Ambassador to Japan was instructed on Nov. 28 to ask the Japanese Government what its intentions were, and to remind it that the Nine Power Treaty was still in existence. Then, on Dec. 5, Sir Samuel Hoare, speaking in the House of Commons, issued a warning to Japan that her movements in Northeastern China were arousing world suspicions at a most unpropitious moment. The same day Secretary of State Hull issued a statement in Washington declaring that the United States was adhering to its traditional policy and was "closely observing what is happening" in North China. This statement was regarded as a warning against any impairment of American rights and interests in that region.

Despite British denials that a loan was made to China and that Sir Frederick Leith-Ross of the British Treasury had anything directly to do with the Chinese move to nationalize silver (Nov. 4), Japanese newspapers and officials, especially the military men, continued to assert that Britain was trying to thwart Japan by establishing British financial dominance in China. The Japanese accused Leith-Ross of encouraging the anti-Japan-

ese group headed by T. V. Soong, former Minister of Finance and the present head of the Central Bank of China. The Foreign Office spokesman in Tokyo, on Nov. 25, even went so far as to declare that Leith-Ross "engineered the recent reorganization of the Chinese Central Bank, instituting currency reform and nationalization of silver."

Leith-Ross was somewhat outspoken in his retorts to the Japanese charges and was reported to have said that conditions were not ripe for an autonomy movement in North China. This excursion into discussion of a political question gave the Japanese ground for further criticism and also has caused some embarrassment in London, where the Foreign Office and the Treasury were not in agreement as to the desirability of Leith-Ross's continued presence in the Far East.

The new silver policy has brought China two problems. The first of these, that of maintaining the foreign exchange value of the paper currency, may be solved by selling substantial quantities of the silver acquired by the National Government through its nationalization decrees. To this end negotiations have been going on in Washington, but so far without result. Experts point out that if China revalues her currency on the basis of $1.29 an ounce—the price set by the American Government in its silver purchase policy—there will be serious inflation in China. On the other hand, if the price is lower, a further readjustment will be necessary later unless the United States changes its policy. Strangely enough, the American Government's efforts to re-establish the monetary use of silver have led the most important silver-standard country to abandon its use of silver as money.

The second problem arose shortly after the silver move was first made. Leaders in North and South China did not like having to send their silver reserves to Shanghai. The government's order nationalizing silver, therefore, seemed likely to cause further sectional disagreements. This particular difficulty was overcome by arranging that the nationalized silver stocks in those parts of the country should be held in local banks.

Although the British Ambassador issued instructions to the British banks in China to obey the government's orders, those and other foreign banks showed themselves unwilling to exchange their silver for the banknotes. The Chinese authorities did not press the issue, for they were apparently satisfied to make sure that the silver remained in China.

The final draft of the Japanese budget for the fiscal year beginning April 1, 1936, was approved by the Cabinet on Nov. 30 after a long and heated session. Total expenditures are put at 2,272,000,000 yen, 62,000,000 yen above the amount for the current year. (The yen is now worth about 28.7 cents.) Army expenditures are increased by 18,000,000 yen, to 508,000,000 yen, while the navy gets an increase of 31,000,000 yen, to 551,000,000 yen. The total military and naval expenditures are thus 46.5 per cent of the 1936-1937 total budgeted expenditures, about as in 1935-1936. Because Finance Minister Takahashi and the bankers considered the government bond market in Japan overloaded, the amount to be borrowed is cut from 749,000,000 yen for this fiscal year to 680,000,000 yen for the next year. Even with this reduction, the army and navy appropriations will consume two-thirds of the government's revenue from sources other than borrowings.

On the Margin of History

America's Liquor Bill

Preliminary figures for the fiscal year ended June 30, 1935, show that the money spent on liquor in the United States is still much less than what was regarded as "normal" before prohibition. Although the bill of nearly $3,500,000,000 looks big, the per capita figures of consumption show beer at only 45 per cent of what it was before prohibition, tax-paid whisky at only 29 per cent and tax-paid wine at only 28 per cent. The Federal Government received $411,000,000 in taxes from alcoholic beverages, and the States $105,000,000. The figures for consumption in 1934-1935, however, represented great increases over those of the previous year. Distilled liquors, for example, showed a jump of 160 per cent, wine of 44 per cent and beer of 31 per cent. The Federal enforcement personnel has been increased instead of decreased since repeal, a campaign against illicit manufacture resulting last year in the seizure of 15,712 stills.

Guinea Gold

About thirty-five miles from the ports of Lae and Salamaua, in the mandated Territory of New Guinea, lies one of the richest goldfields in the world. Ten years ago it was practically unknown and could be reached only by a ten-day journey on foot. Eventually a system of aerial communication was developed and all passengers and supplies were carried by plane. Enormous dredges, turbines, tractors and other machines were loaded in sections on airliners, together with foodstuffs, building materials and certain luxuries, until the mining areas, as well as the small town of Wau, became relatively civilized. Still dependent upon the air for contact with the outer world, Wau, seven years ago a wilderness, now boasts a race course, golf links, moving pictures, two hotels and a telephone system. Labor in the goldfields is paid from $12 to $15 per month per head, the recruits, complete savages, coming in under government regulation from neighboring tribes.

Hoover's Gag-Man

Ben S. Allen, California journalist, former worker in Belgian relief and one-time press agent for the Food Administration, has been seen much of late in the company of Herbert Hoover. At the same time the former President's speeches and public remarks have taken on an unexpected salty, epigrammatic quality. Is this Mr. Allen's doing? A well-informed Washington correspondent—Arthur Krock of *The New York Times*—believes that Mr. Allen, "a large, affable gentleman in his fifties," has done a good deal to lighten the rhetoric of the gentleman from Palo Alto. The former President, says Mr. Krock, "still writes his speeches, but Mr. Allen changes the pedestrian to the airplane style in as many passages as Mr. Hoover will submit for motorization."

Britain's Royal Heirs

The son born to the Duke and Duchess of Kent on Oct. 9 and subsequently christened Prince Edward George Nicholas Paul Patrick of Kent ranks seventh among the heirs to the British throne. He is preceded in the order of succession by (1) the Prince of Wales, (2) the Duke of York, (3) Princess Elizabeth, (4) Princess Margaret Rose, (5) the Duke of Gloucester and (6) the Duke of Kent.

The Trans-Florida Canal

Work has begun on the 195-mile canal across Northern Florida to connect the Atlantic Ocean at Jacksonville with the Gulf of Mexico at Port Inglis. For nearly 100 miles the canal will follow natural

waterways, the most important being the St. John's River. Only $5,000,000 has so far been allocated by the WPA for the project, which is estimated to cost $146,000,000 by the time of its completion in 1941. Critics declare that the cost is out of all proportion to the expected benefits and that the water supply of the region along its route will be ruined by salt water. Advocates of the project reply that ships plying between Gulf ports and the Atlantic seaboard will be saved from one to three days, and cite the opinion of army engineers that Florida's water supply can be protected from contamination without additional cost.

Italian Sanctions

Lu, a Paris weekly, has reprinted from Italian newspapers some of the notices that urge the public to resist sanctions, whatever the personal sacrifice. These notices appear in large type and are surrounded by heavy borders. A fair sampling would include the following:

Italian women do not need French perfume to be desirable. *(Giornale d'Italia,* Rome.)

Buy nothing from the British, not even words of friendship Goods we pay for with gold; friendship we have already paid for with blood. (*Il Tevere*, Rome.)

Eat less meat and live longer and better' (*Lavoro Fascista*, Rome)

Too many French newspapers are coming into Italy! (*Ottobre*, Rome.)

Italian jams are the best in the world because of their freshness and careful preparation. Italians are foolish to eat English marmalade made with Italian fruit. (*Ottobre*, Rome)

Nobel Prize Awards

Only three of the five Nobel Prizes were awarded for 1935. The decision to withhold the peace prize was understandable, but there was disappointment over there being no prize for literature. Many Russians held that Maxim Gorky should have been honored, while there were Americans who thought that Eugene O'Neill or Theodore Dreiser was entitled to the prize. The three awards made went to scientists: in medicine, to Hans Spemann of Freiburg University for his experiments in embryonic evolution; in physics, to James Chadwick of Cambridge for his discovery of the neutron, and in chemistry, to Professor Frederick Joliot and his wife, Mme. Irene Joliot-Curie, for their discovery of an artificial means of creating radioactive materials. Mme. Joliot-Curie is the daughter of the late Mme. Marie Curie, co-discoverer with her husband of radium.

5,000,000 Young Castoffs

There are, according to an estimate of Dr. John W. Studebaker, United States Commissioner of Education, 5,000,000 young persons throughout the country who, unable to find a useful place in society, are confronted with general demoralization through idleness and loss of hope and ambition.

Rumania's Lost Treasure

When the German Army was overrunning Rumania in December, 1916, the treasure, crown jewels and State archives of Rumania were sent to Moscow for safe-keeping in the Kremlin. Russia was at that time Rumania's ally. Then came the Bolshevik Revolution, peace and sixteen years of effort on the part of Rumania to recover the trust The Soviet Government restored the crown jewels in 1925. Only recently the archives, in 1,000 cases, arrived in Bucharest. As for the $60,000,000 in gold ingots and coin sent to Moscow, there seems little prospect of recovery, because the Soviet Government steadfastly asserts that the treasure had been disposed of by the Czarist authorities before the revolution.

Jellicoe and Jutland

Nearly twenty years ago, on May 31, 1916, the only important naval battle of modern times was fought in the North Sea between the British and German fleets. Since then it has been fought over and over again, for both sides have regarded the Battle of Jutland as their victory, while the commander of the British Grand Fleet, Admiral Jellicoe, has been both praised and blamed for his part in the fighting. When he died,

in London, on Nov. 20, 1935, the controversy broke out anew. Should Jellicoe have seized his chance to destroy the German fleet? Or was he right in saving his ships and men to fight another day, even though that meant German escape? By refusing to follow the Germans into the gathering darkness Jellicoe undoubtedly made sure that Britain's shores would be protected by a strong fleet, a fleet that might otherwise have been lost or at least crippled by night fighting. Jellicoe's name will in any case be numbered among the great sea captains; his burial in St. Paul's Cathedral beside Nelson alone assures that. Born on Dec. 5, 1859, Jellicoe became a naval cadet at 13, and in the years that followed saw service in Egypt, on the China station and at the Admiralty. After the Battle of Jutland he became First Sea Lord, a post he left after about a year, when he was made an Earl. During his funeral on Nov. 25 every German naval vessel flew the war flag at half mast as a tribute to a former foe.

Settling Soviet Nomads

A recent Soviet report stated that more than 7,000,000 nomads of the Central Asiatic steppes have been settled on State and collective farms since 1917. About 100,000,000 rubles has been allocated in the State budget alone for the purpose.

Sage or Soothsayer?

As the months go by and relations between the United States and Japan remain in an unsettled state, renewed significance attaches to a book published a decade ago by Hector C. Bywater, British naval expert. Temporarily abandoning his method of sober commentary, Mr. Bywater brought out in 1925 a curious and highly interesting volume entitled *The Great Pacific War,* which detailed the history of an imaginary conflict fought by the United States and Japan between 1931 and 1933. The theme was not altogether novel; it had been previously investigated by at least two Japanese authors. Nor was this the first time that military prophecies had been attempted; Nathaniel Beverley Tucker's *The Partisan Leader,* published in 1836, forecast with remarkable accuracy the American Civil War.

Spanish Control of Tangier

The demilitarized zone of Tangier is to remain under international administration until 1948, in accordance with an agreement reached in Paris in mid-November. The statute was signed in 1923 by Great Britain, France and Spain, with Italy becoming a party in 1928. Under the recently revised agreement Spain expects to gain the predominating influence in the zone formerly enjoyed by France. The chief administrator and one of the directors of the customs service are to be Spaniards, an additional Spanish member will be appointed to the Legislative Assembly, and Spain is to regulate religious worship.

Still in the Red

The year 1934 was the fifth in succession during which the United States paid out more wealth than it produced, according to a report of the Income Division of Economic Research in the Bureau of Foreign and Domestic Commerce. The figures for the years since 1929 are as follows, in millions of dollars:

Year	*Income Produced*	*Income Paid Out*	*Difference*
1929	$81,034	$78,632	+$2,402
1930	67,917	72,932	— 5,015
1931	53,584	61,704	— 8,120
1932	39,545	48,362	— 8,817
1933	41,889	44,940	— 3,051
1934	48,561	50,189	— 1,628

The deficits from 1930 to 1934 aggregate $26,631,000,000, which presumably was drawn from the profits of previous years.

Paris Prepares for Bombs

Placards were recently placed in every home and apartment house in Paris giving directions as to what to do in case of an air attack. "Go to the nearest bombproof shelter," they said, and citizens should have little trouble in finding one, for more than 27,000 had been

prepared by the end of October. According to the police the shelters will accommodate 1,701,531 persons, or two-thirds of the population dwelling inside the walls of Paris.

China's Pirate Queen

Tan Ching-chiao, the attractive but ruthless "Queen of the Bias Bay pirates" of the South China coast, has at last been caught, and apparently for good, by the Chinese authorities. Once before she was captured, but soon escaped. This time she is being closely guarded in a Kwangtung military prison while the courts decide whether she shall be let off with life imprisonment for piracy or executed for murder. When only 14 years old Tan ran away from home and, joining a pirate band, married its leader. When he was killed in a mutiny she married his successor and later headed the gang in her own right. Her most famous exploit was the capture of the steamship Tai Yi, which she boarded disguised as a foreign lady with a baby in her arms. The baby proved to be a small arsenal of revolvers and ammunition for her followers on board. Tan herself shot dead the officer in command of the Tai Yi's guard.

Soviet Troop Planes

During the recent Soviet military manoeuvres 11,200 troops were safely landed by transport planes behind the lines of a hypothetical enemy Of this number 3,000 descended by parachute, while the planes brought down 1,000 soldiers every sixteen minutes. The troops engaged in this operation were equipped with automatic rifles and light machine guns.

Fijian Franchise

Far off in the Pacific lies the British Crown Colony of Fiji, inhabited by some 5,000 Europeans, 75,000 Indians and 95,000 native Fijians. At present the Legislative Council consists of thirteen members appointed by the government and twelve chosen by the voters, but if a movement now afoot succeeds, there will be no more elected members. Frightened by the prospect of losing control to the Indian voters, the European minority declares that it prefers to have popular representation done away with altogether. Already the municipal councils of Suva and Levuka are appointed instead of elected, and reform of the Legislative Council seems inevitable. Meanwhile, elections to the latter, scheduled for late in 1935, have been postponed for a year by the Colonial Office in London.

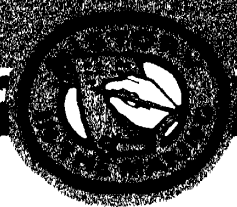
Caged Emperor's End

Lij Yasu, deposed Emperor of Ethiopia, is dead. Since the Italian invasion of the mountain kingdom began last October rumors prevailed that he would be used as a puppet about whom the chieftains hostile to Haile Selassie might rally, but whatever plans the Italians might have had were upset when what was officially described as "general paralysis" ended the life of the unhappy man. Lij Yasu, who had been imprisoned for nineteen years, and much of the time in a gilded cage, was secretly buried on Nov. 28 at the monastery of Debre Libanos, 100 miles north of Addis Ababa.

Altitude Record

The world's largest balloon soared 74,000 feet into the stratosphere on Nov. 11, four and a half hours after it rose from its base at Rapid City, S. D Two army captains, Orvil A. Anderson and Albert W. Stevens, were responsible for bringing back to the United States the altitude record which had been unofficially held by the Soviet Union.

San Marino vs. Turkey

The little republic of San Marino, which sided with Italy in the World War, is still technically at war with Turkey. This fact recently came to light when a Turk, who wished to study agricultural methods in San Marino, was denied entry as an enemy alien. It was found that the great powers had forgotten that San Marino was a belligerent and had neglected to invite her to participate in the peace negotiations with Turkey and sign the treaties of Sèvres and Lausanne.

February, 1936

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THE NEW YORK TIMES COMPANY

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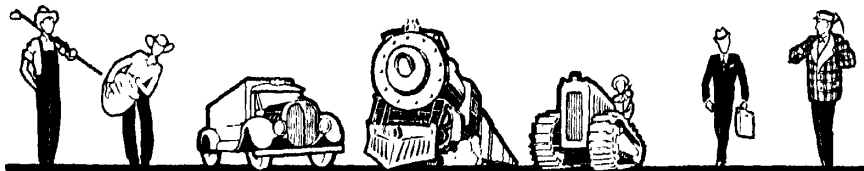
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CURRENT HISTORY

FEBRUARY 1936

What's on the People's Mind

By Bruce Bliven*

THE only safe generalization about America is that you cannot safely generalize about America. I was reminded of this fairly obvious truth a few weeks ago when I made a transcontinental trip, looking things over as I have done at fairly frequent intervals for many years. Ours is a big and variegated country; standardization and regimentation have not, thank Heaven, gone as far as many people suppose. The exceptions, to almost everything, are nearly as important as the rule. Nevertheless, there are a few broad tendencies now in evidence that can safely be noted.

There can be no doubt that the mood of the country is, generally speaking, markedly more cheerful than it was a few months ago. Most people, I should say, really believe that the depression is now ending and will be succeeded by at least a few years of solid prosperity. (Those with whom I talked were as a rule much more firm in this belief than I am.) So far as I could judge, John Citizen attributes this recovery to natural causes; he does not believe that the government has done much to bring it about, nor does he accept the alternative theory that the acts of the present administration have hindered the return of better times.

It is obvious that the degree of restoration thus far attained is subject to all sorts of qualifications; it is better in some districts and industries than in others; it is stronger in relation to consumer goods than capital equipment; it is far larger at the top of the social scale than further down. Nevertheless, it exists. So far as the psychology of the country as a whole is concerned, there has been nothing like it since those few weeks in May and June, 1933, just before the NRA went into effect. The widespread confidence regarding the future is coupled with an almost universal expectation that war will break out in Europe in the near future—say, two or three years. The belief seems to be general,

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however, that we shall manage to stay out, and that our prosperity will not be adversely affected. (A few individuals openly expressed to me the opinion that we shall prosper from Europe's calamity, as we did during the first two and a half years of the World War.)

As people have grown more cheerful during the past few months there is, I think, no doubt that President Roosevelt's personal popularity has suffered a sharp decline. On this subject, of course, the national polls, such as those of the *Literary Digest*, the Institute of Public Opinion, *Fortune* and others, are far more valuable than the casual observations of any individual; but I am sure I should have brought back the same opinion even if these barometers did not exist. There are several reasons for the decline in the President's popularity, some of which I shall mention later. One in particular seems of great importance: The present plan of dealing with the unemployed through the Works Progress Administration. Not only is this plan criticized on its own account, but I found widespread objection to the sudden and sweeping changes in national policy of which it is the latest.

I believe the country is suffering from "spiritual shell-shock," a mental fatigue induced by rapid successive alterations of the Federal Government's intentions and that this accounts in large part for the quite obvious desire that experimentation shall stop for a while. Many people said to me, in effect: Just as we had got used to the CWA it was dropped overnight. Then we accustomed ourselves to the FERA and the PWA, of which the first has been scrapped and the second has been cut down enormously. Now we have the WPA, but we are told that it will end next Spring, and we are not told what will take its place. Why can't the people at Washington make up their minds what they want, and then stick to it?

In some parts of the country I heard bitter protest against the specific details of the new program, which involves work relief for a maximum of 3,500,000 persons (including the CCC) and turns back to the States and cities the problem of relief for all "unemployables." The comment was made that many cities and some States are not in a financial condition to assume this burden, and that the real danger of great suffering has again appeared. These fears were only partially allayed by the reassurances from Harry Hopkins in Washington that "nobody is to starve." It was pointed out that there are many thousands of employable persons on relief for whom the present Federal program does not and cannot make provision, including in particular those unemployed who are scattered through small towns, a few in each community, not sufficiently numerous in any one place to make a work-relief project possible there.

Even more bitter was the criticism of the character of the WPA projects themselves. Whether rightly or wrongly, there is a widespread impression that the government is not getting good value in exchange for its present expenditure, that in the endeavor to put millions of people to work in a great hurry and to spend most of the money for wages and little for materials, numerous projects have been accepted that are in fact not much more valuable than the famous leaf-raking of two years ago. Certain communities have been angered because PWA projects were canceled in order to make way for the WPA plans. On some of these projects, so I was informed, a consider-

able amount of work had already been done.

So far as I can judge, the American Liberty League, the National Economy League and their allies have succeeded to an important extent in their propaganda that the government is indulging in extravagant waste, that an unbalanced budget is a bar to recovery and that we are in imminent danger of inflation. Apparently, millions of people hold these views who have only the vaguest idea what the terms mean. They are unaware, for example, of the difference between currency inflation and credit inflation, or of any relation between the gold reserve and the first of these. If one remarks that we could continue our present national deficit for seven or eight years and then have a Federal debt no larger per capita than was Great Britain's at the time her recent recovery began, one is met with open-mouthed bewilderment. The same bewilderment greets a statement of the comparative tax rates in Great Britain and the United States, a general assumption being that since the British Government is Conservative, its tax rates undoubtedly must be low.

If the observations made on a trip like mine are reliable, the depression as a whole has made a startlingly small change in the thinking of the average American. While radicalism has of course increased somewhat, that increase has been amazingly slight in view of the suffering experienced. One new phrase has certainly lodged in the public mind—"the economy of abundance." Everywhere you go you hear people saying how wrong it is that any one should be hungry because there is too much food, should lack clothing because too many garments have been produced, and so on. I can see very little evidence, however, that the average American proposes to implement this idea with political or any other action.

Of all the panaceas suggested in recent years, only one seems at the moment to have survived its momentary acclaim, and that is the Townsend Plan. I must admit I was astonished at its strength, displayed in State after State and city after city. You can hardly pick up a newspaper published west of the Mississippi without finding in it one or more notices of forthcoming meetings of local Townsend Clubs. Most of the plan's supporters are poor people, much older on the average than are the followers of other popular leaders. On the whole they are politically naïve, though some shrewd organizers have lately attached themselves to the movement. It will become a serious political threat only on a basis of sheer bulk; but if it continues to grow as it has been growing lately, that bulk will soon exist.

People in the East have for years been saying that the Middle and Far West are remote from Europe and its troubles and that this accounts for the isolationism that is such a conspicuous characteristic of these regions. I should say that this observation is now entirely out of date. Isolationism still exists, but it is based upon a far greater knowledge of world affairs than in the past. Whether because the West has been stung by the charge of parochialism or for some other reason, the change is obvious and notable. Many of the Western papers today carry foreign news in impressive amounts, skillfully edited and displayed. Often they print syndicated articles by commentators who specialize in the interpretation of international developments. Of great importance are the nationally known radio commentators to whom the West listens assiduously. While it is the fashion to poke fun at the women's

clubs and their current-events lectures, it is a fact that a great deal of useful information is disseminated in the innumerable meetings of this sort.

I report, of course, only the obvious when I point out the overwhelming desire of the West for a national policy that will keep us out of the new world war which so many people in that section believe will take place within the next few years. In my judgment it would be a mistake to assume any widespread desire to join the League of Nations or even to cooperate with it in imposing sanctions upon a country found guilty of aggression. In the quarrel between Italy and Ethiopia the sympathy of the West appears to be almost entirely with Ethiopia, and because of this fact no objection has been raised to a national policy which, while neutral in theory, does in fact operate almost entirely to the disadvantage of the Mussolini régime. I am sure, however, that in the case of a war between two major powers, both of which were important customers for American goods, there would be a tremendous demand from the West for either suspending all trade or cutting off all increase beyond the normal quantities of the past few years. While it is difficult to speak with authority on such a complicated issue, it would be my guess that Western sentiment would support the proposal for mandatory multilateral embargoes, instead of giving the President discretionary powers.

A different aspect of this attitude is to be found in California, where there is a great deal of anti-Japanese feeling, which appears to be based, in part at least, on the belief that Japan may contemplate military aggression against the United States, of which Californians would bear the brunt. I found no evidence of any belief that Japan's present policy on the mainland of Asia is of such a character that the United States ought to go to war to stop it.

I had returned to New York before the Supreme Court handed down its opinion destroying the AAA, and I therefore cannot speak on the attitude of the country toward that decision. While the AAA still existed the feeling toward the plan itself, so far as I could judge, was one of rather shamefaced acquiescence. All over the country I have found farmers believing that there was something wrong about a policy of receiving money from the government to limit production, though I never found any one who felt this so strongly that he was prepared to refuse the government's checks. (The common attitude found striking expression when the drought was at its height and some religiously minded individuals asserted that God was punishing a policy which was "against divine law.") The position of the farmers was, of course, imitated by the merchants who depend on their trade, and by nearly all others affected directly or indirectly by the degree of prosperity in the agrarian regions.

One point should be made about the unemployed on relief which is not a matter of personal observation but comes to me second-hand from excellent sources. In a number of cities I have talked with relief administrators about the morale of those who have been out of work any length of time. They all agree that the deterioration in the courage and independence of such persons constitutes a national problem of the utmost seriousness. At first, according to their uniform testimony, the man who has to ask help for himself and his family feels a deep sense of humiliation. In thousands of cases the request has been postponed until the last possible moment, often until the money is all gone and the

larder is empty. As the "client" continues on the relief rolls, however, this attitude rapidly changes. The sense of shame disappears and in many cases the recipient comes to consider his status a normal and permanent one. I have no doubt that the President and Mr. Hopkins have been acutely aware of this situation and that the Works Progress Administration was, at least in part, an attempt to cope with it. It is probably too early to say whether this attempt has been successful; in a good many instances it obviously has not been, since many employables have found that no work was provided for them, or only work for which they are not prepared, either physically or by training and experience.

Every one of the relief executives with whom I have talked repudiates indignantly the notion that the unemployed would rather live on charity than work. (I might add that their testimony coincides with what I heard when I studied this question in England and Germany.) They say that only a minute proportion of psychopathic individuals really welcome idleness for its own sake, and that the overwhelming majority are pathetically anxious to find something to do. Every one remembers the incidents in which relief has been temporarily suspended in certain areas in order to induce the unemployed to help harvest the crops, as in Iowa, California and some other States. My informants made three points about these incidents: First, that large numbers of the unemployed are without agricultural experience and fear they will not be equal to the task; second, that in these cases the would-be employer usually takes advantage of the situation to offer outrageously low rates of payment; and third, that the unemployed fear if they go off the relief rolls temporarily they will not be able to return to them if the need should arise.

This last question is extremely serious, not only in the farm regions but throughout the country. I have heard almost universal criticism of the red tape involved in the administration of relief. If it were possible to give relief clients a leave of absence for a specified period of, say, three or six months, at the same time issuing a "passport" guaranteeing restoration to the relief rolls without risk of delay at the end of that period, the situation would be strikingly improved.

I began this article by reporting that generalizations are difficult and the situation complex and confused. In nothing is this more true than in the popular feeling about President Roosevelt and his policies. I am sure that both the following statements are true despite the illogicality apparent in them: (1) A great many people who are opposed to most of the present policies of the New Deal will vote for the President because they like his personality. (2) Many other persons who have no special feeling one way or the other about government policies will vote against the President because his personality is beginning to get on their nerves.

It is a familiar observation, but one worth repeating, that nowadays we see and hear too much of nearly all our public men. Their voices are on the radio, they appear in the news reels, their pictures are in the rotogravure sections, their every act is recorded in the press. Perhaps this does not matter in a dictator-ridden country like Italy or Germany, where the population is perpetually whipped up to a hysterical emotion of worship; but in a country like the United

States there is no doubt that public figures run some danger of the same thing that, since the coming of the radio, often destroys a new popular song in a fortnight. All over the country people have spoken to me of a feeling that Mr. Roosevelt is "too cheerful." It is quite possible that this feeling arises because they have heard him make the same joke or seen him give the same smile on two or three successive visits to the movies when the same newsreel happened to be shown each time.

I could find no evidence, with the exceptions noted above, that the conservatives' propaganda has had any important effect upon the masses of the people—at least west of the Mississippi. It is true, as I have suggested, that the country feels the President spends rather recklessly, changes his policy too quickly and is running a risk of "inflation," although there is little popular understanding of what inflation means. On the other hand, I have not heard a word of opposition to most of his important policies (which, some persons will say, indicates merely that I met the wrong people). It is my impression that the country as a whole approves of the Securities Exchange Commission and of stock market regulation in general. I heard hardly any criticism of the public-utility law. The TVA, the CCC, rural electrification, subsistence homesteads, the social security law—all these appear to receive at least tacit acquiescence, and some of them, warm approval.

There is much more prohibition sentiment in the West than in the East, but it is my guess that the Drys do not charge repeal to Mr. Roosevelt personally, although the Wets do and have a sense of gratitude therefor. Pacifist sentiment, as I have recorded, is strong, and I heard much concern expressed over the fact that we are now spending about $1,000,000,000 annually on the army and navy; but little of this is reflected in any personal animosity toward the President as the man primarily responsible for national policy. In other words, I should say that the violent opposition to the details of the New Deal is largely a class matter and that the class in which it appears most strongly is concentrated in the Northeastern States.

It is my guess that, as in the past, the election of 1936 will not turn upon a sober weighing of issues one by one; people will vote (subject of course to skillful and well-endowed propaganda) in accordance with a vague general impression as to how the country, on the whole, is getting along and a similarly vague, general impression of the likability of the respective candidates. A possible exception should be noted if the issue of a constitutional amendment, restoring to the Federal Government all the powers that the Supreme Court has been taking away, were to be injected into the campaign. But even then, a widespread feeling that recovery from the depression was in progress or that things were getting worse, that President Roosevelt is on the whole more, or less, sympathetic with the poor and oppressed than the Republican candidate, will probably be decisive in the minds of that minority of all the voters who do not follow tradition and choose the party of their fathers' faith. On this basis and allowing for the upsets possible during the next nine months, it seems to me likely that Mr. Roosevelt will be re-elected by a narrow margin. But the robes of the prophet are a dangerous garb and I discard them as hastily as I put them on.

Dr. Townsend's Marching Soldiers

By HERBERT HARRIS*

A LITTLE more than two years ago Dr. Francis Everett Townsend, then 66 and jobless, looked out the window of his apartment into an alley and saw three aged and cronelike women rummaging among garbage cans, seeking scraps of food. The good doctor swore. It was less profane indulgence than a cry of pain and protest against a social order that permitted such things in America, in the sunshine of Long Beach, California. The spectacle seemed like a nightmare of some dreaded degradation, like a portent perhaps of what could happen to him. It touched off resentments long brooded on, if half concealed.

Dr. Townsend had had ample leisure in which to meditate upon the economic hazards that had propelled him from a log-cabin boyhood in Illinois to indigent school-teaching in Kansas, to a horse-and-buggy medical practice in the Black Hills of North Dakota, to real estate ventures in Long Beach and then toward poverty again. A recent change in the city administration had deprived him of his post in the municipal health service, his only source of income. He had somewhat less than $500 in the bank, a family to support, and no future. All day he raged to his wife. It was unjust, he said. It was wrong. He would have to do something about it. He did. That night he sat down at his desk and from random readings and his own cogitations drafted the first rough outline of what was to become the Old Age Revolving Pensions, Ltd., the "Townsend Plan."

Somewhere, somehow, he had picked up statistics that suited his purpose. First of all, he remembered that the people in the United States had done a gross business of $935,000,000,000 in 1929. He also knew that there were about 10,000,000 persons over sixty residing in the forty-eight States. He calculated that a 2 per cent transaction, or turnover, tax upon the total volume of business would yield a revenue of about $20,000,000,000, or nearly enough to provide every one past 60 with an income of $200 a month. He had, moreover, for a long time admired the advantages of life-insurance annuities, and he believed that the same method of furnishing security for old-age could be expanded into a national undertaking, sponsored by the government and paid for by the entire population.

Such were the essential points of his doctrine, at first. The way of salvation did not come upon him all at once with the white light of revelation. Other features of his pension scheme, such as the proviso that the $200 a month must be spent within thirty days, and that recipients must retire from all gainful pursuits, along with the emphasis upon velocity of money and "spending our way out," were added later—as a result of collaboration with his friend, Robert Earl Clements, a real estate man

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some twenty years his junior and his former boss.

Clements scoffed when Townsend first approached him with his idea. It was fantastic, he said. It was wholly unsound. Gradually, however, his interest was sufficiently aroused to warrant an investigation of his own. He spent six weeks devouring economics and statistics at the public library. Gorged with new knowledge he emerged to assure Townsend that his plan was sane, sensible, scientific—and workable. He became co-founder and the executive brain behind the OARP. For weeks he worked with the doctor, buttressing what appeared to him to be weaker shafts in the structure, preparing forms for petitions and circulars.

The two were now crusaders in a new and holy cause. They set up headquarters in an office that Clements secured rent-free for a month. Across the windows of their suite, on the front of the building, they hung a big sign with the legend "Old Age Revolving Pensions." But there was one disadvantage. The floor of their new sanctum consisted of concrete blocks, cold and comfortless. To brighten up the atmosphere, they spent New Year's Day of 1934 on their knees painting the blocks alternately in blue and gray to resemble linoleum flooring. Next day they installed a desk, three chairs, a typewriter and a stenographer. Then they began to mail letters and leaflets describing the OARP to friends, neighbors, former clients and names picked from everywhere.

Replies filtered in slowly at first, but after five weeks they had risen to 100 a day, and after two months to 1,500 a week. This tidal wave swamped the facilities of the little office, which soon was moved to Los Angeles, where a staff of ninety-five was hired to handle the letters that by the end of September, 1934, were being received at the rate of 2,000 a day.

The idea of forming Townsend Clubs was now born. They were to serve the dual function of easing the administrative burden on national headquarters and of ultimately becoming nuclei for political pressure groups in Assembly and Congressional districts. The organization was, and remains, simplicity itself. A club must be 100 strong to gain official recognition. It is entirely financed by its members, who pay dues of 25 cents apiece for the year and receive in return (1) The regular thirty-two page booklet entitled *Old Age Revolving Pensions;* (2) a weekly news bulletin; (3) a permit issued in the name of the local secretary, and (4) fifty petitions to be circulated for signatures endorsing the OARP. Most of the units have established the custom of sending 10 cents a month per member to the national office just to help the good work along. Unemployed and others without funds are admitted as "associates."

There are two kinds of organizers, voluntary and paid. In the latter case, out of the $25 collected from the initial enrollment of 100, only $17.50, instead of the whole amount, is forwarded to headquarters, and the remaining $7.50 is retained by the organizer with the blessing of the National Secretary, Robert Earl Clements. When 1,000 members have joined, a new club is supposed to be started. This practice has not been strictly observed, since in California, Oregon and Minnesota there are branches with 17,000 paid-up members. Several auxiliary devices assist the clubs to meet expenses for postage, halls and the like. They are supplied with OARP buttons, bearing

the slogan "Youth for Work—Age for Leisure" and costing 7½ cents apiece, to be retailed for 10 cents; and with copies of the official publication, the *Townsend National Weekly*, which costs 3 cents and is sold for 5 cents—the profits going to swell the local treasury.

There is also a speaker's manual, adroit enough to arouse the professional envy of the most experienced propagandists. It is the last word in high-pressure salesmanship applied to an economic idea. It includes an imposing array of graphs all tending to prove the efficacy of the OARP as a cure for the depression; an assortment of charts showing the concentration of wealth in the United States; an analysis of the nation's per capita income by occupations; a survey of costs for county, State and Federal Government; and a chart of the potential voting strength that Townsend leaders and their adherents hope some day to command.

This chart is worth examining if only to refute the claim that the Townsendites, in the political realm, are travelers without compass or guide-book. After allocating the percentage of votes cast in the 1932 Presidential election (57.5 per cent Democrat; 40 per cent Republican; 2.5 per cent all others) the chart explains that the proportion of aged (60 years or over) to the total vote cast is 25 per cent. There follows the statement that if every person over 60 voted, the total vote thus obtained would be of course 25 per cent of the national; that if every 60-year-old voter controlled one ballot besides his own, the total vote would then be 50 per cent of the national; and if he controlled two more ballots, other than his own, the total would be 75 per cent of the national. At the foot of the page an exhortation addressed to "Townsend Marching Soldiers" assures them that, standing together, they can win any election they please. It is all an ingenious device to give the anonymous masses a quickened sense of the power they may wield through the suffrage.

The manual also contains practical advice on "the art of making a speech." The aspiring orator is told to "begin with some positive, concrete, striking statement—something to grip their attention." He is also admonished to "avoid fine phrases," to talk slowly and to gauge his delivery to "the simplest intelligence in your audience." He is further urged to study and perhaps to memorize five sample speeches that, granting their premises and objectives, are models of forensic form. Their folksy and intimate tone is subtly blended with revival meeting raptures, the proper references to the Declaration of Independence, to Washington and Lincoln, to mother, home and country and to beauty, goodness and truth.

A section of aphorisms, the result of Mr. Clements's week-long communion with Bartlett's *Familiar Quotations*, forms an adjunct to the instructions in oratory. Thus we find from Ovid: "The burden becomes light which is cheerfully borne"; from Matthew v, 48: "Be ye therefore wise as serpents but harmless as doves"; along with these a somewhat esoteric axiom from Emerson: "Manners require time; nothing is more vulgar than haste." A department of "questions and answers" covering such queries as "Could I visit friends in foreign lands?" and "Could we give help to a grandson who has been in the hospital?" concludes the manual, which its authors declare is "perhaps the greatest composite picture of national political economy ever presented under one cover in the brevity,

clarity and completeness found here."

At present Townsend and Clements claim between 1,500,000 and 2,000,000 club members, most of whom are busy studying OARP literature and spreading the gospel. Complete files are not maintained, it is said, in order to avoid "useless" expense. In addition to its national headquarters in Washington, D. C., set up in January, 1935, the OARP has four regional offices, one each for the Pacific Coast, the Middle West, the East and the South. The entire country is further subdivided into State areas, each with a manager responsible to the Regional Director.

The vitality of the movement is not confined to its membership rolls. The founders assert that between 15,000,000 and 20,000,000 people have signed petitions memorializing Congress to adopt the plan; and countless others have cooperated in writing letters to Senators and Representatives, adjuring them to support the bill embodying the OARP provisions, introduced in the House by Representative McGroarty of California last Spring and recently revised for submission again during the 1936 session.

Certainly it has been a mistake to dismiss the OARP as only a crackpot delusion. Any movement that enlists the allegiance of millions of decent, well-meaning citizens deserves, at the least, serious evaluation. Why has the plan swept the nation like a religious crusade? At the outset its appeal apparently derives from three leading ideas which the depression has by now implanted in the popular mind: (1) That society should provide for old age, especially in view of technological displacement of human labor by machines and the tendency to hire younger people in nearly all fields; (2) that the purchasing power of the great majority of the people should not only be restored but also raised to higher levels and thus incidentally allow for a more equitable distribution of national income; (3) that there is in this country with its vast natural resources, its huge industrial plant, a potential abundance—enough at least to afford everybody a comfortable living.

The OARP platform dovetails perfectly with this design. Its aims seem as alluring as a glimpse into the Promised Land. It proposes "to restore national prosperity without inflation" and to create "maximum buying power and normal consumption of every form of manufactured goods, food products and professional services." It will "provide immediate employment for all in the vocations for which they are fitted * * * at a standard living wage to which they are entitled." It will "provide employment of youth * * * in the positions vacated by their elders." It will "set in motion the first nation-wide mutual retirement plan * * * whereby every individual creates his or her own retirement fund."

The feeling of insecurity evoked by dwindling incomes, the humiliation of unemployment and the dissatisfaction with relief have naturally been fertile soil in which to sow OARP seed. Once the plan is put into operation, it is said, fears of losing jobs and homes will be forever banished. The wheels will turn full speed ahead, and a new epoch of self-perpetuating prosperity will be ushered in, while the aged will enjoy the peace and contentment of complete security and the young have the opportunity for work and self-development.

Other special factors account for the perfervid acceptance of the OARP over and above the natural desire of the old for a financial paradise and the desire of the middle-aged and of youth to aid their elders and perhaps to acquire the positions that would be

available when the old folks were retired. Whereas a Long or a Coughlin must perforce depend upon eloquence and personal stunting to put over his panaceas, the Townsend movement, for better or worse, is an expression of the lower middle-class American self-reliance as symbolized by one of their own kind. The very cracker-barrel character of its origins is one of its most ingratiating virtues—a fact that Townsend speakers and publicists have quickly dramatized.

While OARP leaders subordinate themselves to the "idea," enough is known about Townsend to render him in many minds a likely savior. He is a kindly, sweet-natured man, a homespun descendant of covered-wagon pioneers, a hymn-singing, harmonica-playing country sawbones with a simplicity that borders upon the naïve. There is an authentic story that when he was staying at a New York hotel he picked up the receiver and to the voice at the other end of the wire inquiring, "Your order, please," responded: "I don't want to order anything—I eat at the Automat."

Lean, almost scrawny, with the whitened hair of sixty-eight Winters, he has a stamina that puzzles old-time barn-stormers. He has been living in trains, airplanes, buses; making two, sometimes five, speeches a day; shaking hands; being constantly interviewed. Yet he seems to thrive on this regimen. The success of his brain-child so far, lifting him from obscurity to the front pages, has endowed him with a certain buoyancy—an elation that appears to be less a sense of grandeur than the artist's delight in the work of his hands. He is actuated by a profound faith in the rightness of his course, and has confessed that sometimes he feels chosen of God to accomplish his mission.

Rumors of a "racket," originating largely with certain left-wing Washington correspondents, circulate regarding the private ownership by Townsend and Clements of the *Townsend National Weekly*. It is alleged that this sixteen-page tabloid-size journal, with practically no advertising revenue but with a circulation of 250,000, is a veritable gold mine and that the co-founders are lining their own pockets from its profits. The charge has yet to be substantiated by bona fide evidence. What is known is that Dr. Townsend draws the munificent salary of $74 a week, out of which he pays for many incidental items not included in the $7,532 which he allowed himself for traveling expenses and personal income for the period from Jan. 1 to Sept. 30, 1935. Clements draws a similar sum. During the same period, although $636,803.21 was paid into OARP coffers, all but $51,376.79 (all present and accounted for) was expended for the necessary outlays of a vast and growing organization.

In the Jan. 21, 1935, issue of the *Townsend National Weekly*, Kathleen Norris, the novelist, virtually beseeched whatever gods there be to permit adoption of the OARP which, after diligent study, she hailed as "audacious, original, inspired." Her enthusiasm is not generally shared by other prominent figures. Detractors of the plan include men of such widely divergent views as Norman Thomas, Socialist leader, who denounced it as "the hallucination of simpletons" and Colonel Frank Knox, aspirant to the Republican Presidential nomination, who assailed it as a "cruel hoax." Lately, editorial writers, columnists, our more readable economists and various political commentators have laid down a withering barrage of irony, invective and straight rebuttal,

while statisticians have sniped at it from every conceivable angle—all with no perceptible results.

The movement continues to grow at the rate of 4,000 to 5,000 new members a week, probably because among its apostles the plan has moved out of the sphere of argument into that of faith. Moreover, since the keystone arch of the plan rests upon circulation velocity in the medium of exchange, it is surrounded by that mysticism which emanates from the theory of money. Advocacy of the OARP in its present form, however, seems to indicate the lamentable failure of our educational system to instil the rudiments of simple arithmetic into several million minds.

Properly, of course, criticism has been concentrated upon the fact that we no longer live in a primitive economy, and that every commodity passes through many hands and processes before reaching the ultimate consumer. If 2 per cent were added from raw material to finished product at each stopping-off place all along the line, the final selling price of an article could be raised from 10 per cent or more on and up into the stratosphere, according to the number of transactions. As John T. Flynn has pointed out, the purchaser of a suit retailing for $40 might possibly have to pay taxes upon $250 worth of transactions, beginning with the sheep raiser and ending at the clothing store. Obviously, too, since the revenue raised by the marking-up of prices would go to the aged, the total purchasing power would remain constant, and other elements in the population would simply lose what the old folks gained.

From a manufacturing standpoint, the tax is very inequitable. A few great corporations conduct the whole, or nearly the whole, productive process within the framework of their own organization. Such processes could not legally be regarded as transactions, and thus the big concern, paying only the final 2 per cent upon its finished product, could undersell less integrated competitors and force them out of business. All this notwithstanding, the Townsend Soldiers go marching on, and to the more hysterical politicians they are more terrible than any army with bayonets.

In April, 1935, just after the House Committee had torn the first McGroarty bill to pieces, an Associated Press dispatch from Portland, Oregon, caused shivers of apprehension to travel up and down certain Congressional spines. A member of the Oregon State Legislature, it was stated, had just been recalled for refusing to espouse the Townsend Plan. Insiders remembered that in the three-cornered 1934 contest for Governor in California, Merriam had defeated Sinclair largely by a last-minute endorsement of the OARP to offset the potent appeal of his rival's EPIC. Of course, upon his accession to office Governor Merriam evaded the issue by persuading the State Legislature to memorialize Congress to adopt the plan. While admitting that California is the believing world in the American cosmos, one realizes that Merriam's action was at least significant.

As the year progressed and Townsend Clubs sprung up in all parts of the country, the politicians began to worry. They could not just laugh the thing off. Earnest constituents, nice, respectable people, dropped in at their offices or homes and wanted to know where they stood on the OARP and demanded answers of the most unequivocal kind. Then in December, Verner M. Main, who in his campaign had come out strongly for the Town-

send Plan, was elected to the House of Representatives from the Third Congressional District in Michigan. "As Main Goes, so Goes the Nation," jubilantly shouted F. J. Elgin, editor of the *Townsend National Weekly* in an issue of that journal devoted equally to paeans of victory and prophecies of oblivion for "the greedy, the unthinking" politicians of both parties who might fail to learn a lesson from Mr. Main's success. "The vote," said Mr. Elgin, "tells the story. It is the laboratory test."

But was it? More careful inquiries show that the Townsendites' political power, while potentially still overwhelming, remains a matter of scare-headlines rather than accomplished fact. Consider first the circumstances of Mr. Main's election which the Townsendites have hailed as if it were their own auspicious triumph.

Mr. Main ran as a Republican in a district where, since the turn of the century, any Republican candidate can normally beat his Democratic rival by a 4-to-1 margin. But Mr. Main polled only a 2-to-1 plurality. In addition to having the Townsend support he was ably assisted by the regular Republican machine, by Senator Vandenberg, who stumped for him, and by his own pledges to agitate for prompt payment of the bonus and for even prompter balancing of the budget.

Early in December, 1935, the Townsend high command submitted these questions to every member of Congress: (1) Are you in favor of the plan? (2) Did you vote for the McGroarty bill (in April, 1935)? and (3) Will you help pass a bill embodying the plan at the coming session? To date only sixty replies have been received out of a possible 531. All the Senators and the majority of Representatives have neglected even to acknowledge receipt of the communication, for reasons best known to themselves. Out of the sixty answers tabulated, thirty-nine are in the affirmative—thirty-four from Congressmen in Pacific Coast and Midwestern States, with the East supplying five ayes, all from Pennsylvania, where the OARP has made astounding headway.

The Townsendites so far have not captured a single Senator; and their belief that the new McGroarty bill will be passed in the 1936 Congress is rooted more in wish-fulfillment than in reality. To begin with, the personnel in both Senate and House chambers (except for some by-elected members) is exactly the same as it was in the 1935 sessions when, after a debate of twenty minutes, the bill was defeated in the House by 206 to 56. The cards are also stacked against the Townsendites because, facing a Presidential year, both Democratic and Republican chieftains will avoid as the plague any such inflammatory issue as the Townsend Plan.

President Roosevelt is wedded to his own social-security measures and has indirectly disparaged the OARP without referring to it by name. Colonel Knox, Senator Vandenberg (despite his support of Main) and Governor Landon, along with the Hilles-Rorabeck-Fletcher shogunate of the Republican party, have all denounced the plan in vigorous terms. Senator Borah, while affirming his sympathy with its ultimate goal, has not yet definitely approved or rejected the OARP project. Finally, the very gear and tackle of the present Congress are rigged against Townsend Plan advocates.

Strategic committee posts in Congress are occupied by Southerners. To gentlemen from below the Mason-Dixon line the mere suggestion that

Negroes might receive an income of $200 a month is quite unthinkable. Specifically, the chairman of the vital Ways and Means Committee in the House is Robert L. Doughton of Laurel Springs, North Carolina, who in his thirteen terms as Congressman has won for himself the sobriquet of "Muley." He approximates apoplexy whenever the Townsend Plan is mentioned, and if the new McGroarty bill emerges from his committee in 1936 it will be a miracle.

Discouraged by the apathy and antagonism of Republican and Democratic leaders, Dr. Townsend recently announced his intention of working through a new third party to place the OARP as an issue before the country in the 1936 Presidential race. "Fellow-Americans," he wrote in the Dec. 30, 1935, edition of the *Weekly*, "let us not put our trust in either of the old political parties. Both of them are owned and controlled by the same set of men. Self-interest is their god and their guide in every political move they make. * * * Let us never again be such fools as to permit party slogans and labels to divide us."

To further his third-party manoeuvrings, Dr. Townsend's lieutenants have been negotiating with Thomas R. Amlie, Progressive Representative from Wisconsin and Chairman of the American Commonwealth Political Federation, formed in Chicago last July to lay the groundwork for a new political party combining Farmer-Labor, Progressive, trade-union, technocratic and other liberal and radical groups throughout the United States. Recently Dr. Townsend also stated that he and his followers would look with favor upon any Presidential aspirations of Floyd B. Olson, Farmer-Labor Governor of Minnesota, should an "agreement" be reached. It is extremely doubtful, however, that the Townsendites could obtain the cooperation of either Amlie or Olson, both of whom are pledged to "an economy of abundance by means of production for human needs and not for profits," and the consequent abolition of the profit system. The Townsendites remain loyal to capitalism in order "to preserve initiative and constitutional democracy."

The question of what will happen to the Townsend movement remains on the knees of the gods. Unless the plan achieves a fairly quick legislative success within a year or so, or unless encouraging concessions are wrung from Congress by that time, it will be impossible to hold together the army of disciples who now revere the OARP as the life and the redemption. As a people we are impatient with delay; we worship action, results. We are specially distinguished for the speed with which we embrace a novelty, only to drop it as quickly as we picked it up. The road of American politics is strewn with the corpses of monetary panaceas, from the first "Greenbackers" to Father Coughlin's new sacredness of silver. Yet even if the Townsend Plan is cast into the Sargasso Sea of lost hopes, the social dynamics that today give it impetus will unquestionably endure, especially if the recovery is not permanent.

Behind the Borah Boom

By RICHARD L. NEUBERGER*

SENATOR WILLIAM E. BORAH, at the height of his career as a national political figure, faces a challenge in his own State of Idaho. Since 1906 he has been invincible in Idaho's rugged amphitheatre of upland farms and jagged mountain peaks. Yet typical of the new trend in American politics, particularly in the West, is the threat Governor C. Ben Ross constitutes to Borah's continued dominance in the Commonwealth that has elected him to the United States Senate on five successive occasions.

Governor Ross, a former cow-puncher and cattleman, one-time Mayor of Pocatello, is tall, handsome and distinguished in appearance. A tireless campaigner, he knows thousands of Idaho's farmers by their first names. He plays the man-of-the-people rôle to its utmost limits. His speeches are crammed with grammatical errors and homely language, for he makes no pretense to being scholarly. He mixes religious metaphors and Scriptural quotations with his political and economic theories. Not only has he a keen insight into what is likely to be popular and timely; he can also shrewdly discern the flaws in his adversary's armor. This is the man who has captured the imagination of Idaho's people and who is the first Governor ever to win a third term at Boise.

Governor Ross's challenge to Senator Borah's supremacy is definite and dangerous. It is potentially so strong that when Borah is mentioned as a possible Presidential nominee, canny political observers in Idaho wink meaningly and remark, "Well, Bill Borah's Presidential bee is a-goin' to hurt Ben Ross about forty times as much as it's a-goin' to harm old Franklin D." Many of Borah's friends believe that his dallying with the Republican nomination is merely a stratagem to increase his prestige for the pending race against Governor Ross. They feel Borah has only an outside chance of becoming the Republican candidate and several of them even doubt whether he is sincerely seeking the honor. But they all recognize the tremendous political advantage in running for re-election to the Senate as a man outstanding enough to be considered seriously for the highest post in the land. Surely the voters of Idaho cannot reject for the Senatorship a statesman who might have been President! Thus the rather prevalent opinion in the Pacific Northwest that Borah's White House aspirations are directed against Charles Benjamin Ross and not Franklin Delano Roosevelt.

Further evidence of this is seen in Borah's receptiveness to the Townsend Plan. Experienced Idaho observers point out that the Republican National Convention is certain to be cold toward the $200-a-month pension scheme, despite its widespread support. They insist that at Cleveland next June Borah's flirtation with Dr. Townsend's adherents would be a

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greater liability than an asset, for the Republican budget-balancers and sound-money advocates are more likely to be alarmed by the Townsend Plan than by all other inflationary proposals combined. The conclusion is that Borah's friendliness to the Townsend movement has been prompted by the situation in but one State—Idaho.

The Townsendites are relatively stronger in Idaho than in any other State except Oregon and California, and Borah realizes that they hold the balance of power among his constituents. This has marked what many of his most loyal supporters believe to be the nadir of the longest career in the United States Senate—his desperate attempts to straddle the Townsend issue. By every possible means, except definitely committing himself, he has tried to gain the confidence of the Townsend forces. He has paid Dr. Townsend a lavish personal tribute, and at the first session of the Seventy-fourth Congress he insisted that the Townsend Plan be thoroughly and openly debated. Yet Borah, it was noted, made no attempt to get a roll-call vote in the Senate, being apparently content to let the "thorough and open" debating take place in the House of Representatives.

This evasion of the issue may ultimately react to Borah's disadvantage. It has already cost him the allegiance of sections of both conservatives and liberals who formerly were convinced of his sincerity and courage. They now believe he dare not make a frontal attack on the Townsend Plan. And the Townsendites, whose hysterical enthusiasm will not permit them to go halfway with any one—not even Borah—will probably endorse Governor Ross if he runs against the senior Senator.

Ross is in a much better position than Borah to philander with the *Townsend Plan. Ross advocates a sales tax, and on a sales tax the pension scheme is premised. Making no* claim to statesmanship and admitting that he is only a politician, he has tacitly approved the $200-a-month idea and is expected to embrace it with open arms before election day. That he should look longingly at the Townsendites occasioned no surprise, for he is recognized as a sort of Western combination of Bilbo and Huey Long. If tomorrow he were to endorse nudism, and the next day technocracy, there would be no great astonishment.

In a Senate showdown on the Townsend issue, Borah probably would vote against the plan, especially since Senator Norris of Nebraska and other liberals have come out in opposition to it. A number of Borah's adherents believe he values his position in history too highly to risk being recorded as an unqualified supporter of the *$200-pension fantasy. He also does not* dare completely overturn his long-standing antagonism to the sales tax. Yet if Borah finally is cornered by Townsend manoeuvres and cannot escape voting "Nay," he not only will be deprived of the official blessing of the Townsendites, but also will have lost caste among his admirers because of his dodging and quibbling. The Townsend Plan may be, as its founder claims, "the salvation of America," but it has been merely a headache to the first Presidential aspirant in Idaho's history.

Extremely clever has been Ross's attitude toward Borah. He continually tells the voters how greatly he admires the Senator, and does not hesitate to describe what a great President Borah would make. He has repeatedly paid tribute to Borah's eloquence as an orator. Thus Ross appears more a friendly critic than an enemy. Having thus won the confidence of even Bo-

rah's stanchest adherents he proceeds to explain why Borah is not the man for United States Senator from Idaho. It seems that Borah, according to Ross, spends all his time on the affairs of Ethiopia, Switzerland, Madagascar and practically every other part of the globe except the great American Commonwealth of Idaho. This is a shrewd, demagogic argument and will win Ross thousands of votes among the State's hard-bitten ranchers and cowhands.

Governor Ross has already announced that he will not seek a fourth term as Governor, but has also declared that this does not indicate his retirement from politics. Does this mean that he will oppose Borah for the Senatorship? Most observers believe it does, and at the beginning of the new year Ross had done nothing to upset such a conclusion. In fact, his candidacy was taken for granted.

Governor Ross has implicit faith in a middle-aged fortune teller who a number of years ago prophesied that he would be elected Governor three times, after which he would defeat William E. Borah and then be named President of the United States. This story is so prevalent in Idaho that W. D. Gillis, former attorney for the State House of Representatives, has referred to the Ross administration as "government by divination." When Ross at a board meeting announces that he wishes to "sleep on a certain problem," a number of his associates conclude that he is going to get the advice of his clairvoyant.

Most of the laughs caused by the report of the Governor's crystal-gazing died away in 1934, when Ross became the first man in Idaho's history to win a third term as Chief Executive. A few election figures are interesting. When Ross entered the State House in 1930, he polled 73,896 votes. At the same election Borah's total against less formidable opposition was 94,938. In 1932 Ross received 116,663 votes, carrying every county and running 7,000 ahead of Roosevelt, who won the State by a tremendous majority. In 1934 Ross earned a third term with a total of 93,313 ballots, although Borah himself actively supported the Republican candidate. The average number of votes polled by Ross in his three successful candidacies for Governor is 94,624, practically as many as were cast for Borah in 1930.

Ross is a skillful user of prejudices. He knows how to appeal to local phobias and petty jealousies. He was born in Idaho, Borah in Illinois. He has hinted at this advantage. He frequently capitalizes on the mistrust of lawyers. To farmers in favor of farm-mortgage legislation he has boasted that he defied court edicts to issue proclamations for moratoria. "Do you think one of them lawyers would do that for you?" he continually asks.

Once when Ross was campaigning for re-election he and his opponent were invited to speak at the dedication of a new building on the campus of a parochial school. The Republican delivered an able address on the issues of the election. Then came Ross's turn. Upon the opposite wall hung a framed Bible text: "Seek Ye First the Kingdom of God and His Righteousness." Pointing to this, the Governor dramatically thundered: "I repeat those words every night just before I go to bed." The Republican was also a religious and God-fearing man, but the community gave Ross a heavy majority.

With daring shrewdness Ross turns all sorts of situations to his advantage. For example, at an elaborate official reception all the lesser lights wore formal attire, but the Governor

attended in a baggy business suit. Word spread through the uplands that "Ben Ross didn't go in for any of that *highfalutin' stuff.*" He has shown this same shrewdness in picking out vulnerable points in Borah's career. He has asked why Borah, the great isolationist, voted to plunge America into the World War—a popular criticism in these times. He also has asked Borah to explain why he always has been "regular" at elections, even when Hoover was running. America's only living ex-President is most unpopular with the farmers who form the bulk of Idaho's population, and if Ross can succeed in impressing upon them that Borah was an ardent Hoover supporter in 1928, the effect will not be helpful to the Senator.

One other possible factor in a race between Borah and Ross is James Pinckney Pope, the junior Senator from Idaho. Until Pope's election in 1932 people in Idaho seldom criticized Borah's foreign policies, while hardly any one in the other forty-seven States had ever heard of the second Senator from Idaho. Now both have happened. On the day Pope arrived in Washington he plunged into foreign policies. He is as ardent an internationalist as his famous colleague is an isolationist. Pope led the campaign to enter the World Court. He is an advocate of the League of Nations. His views on all these issues are the direct opposite of Borah's. When the latter was recently in Idaho and was informed of the junior Senator's speeches in England, he sarcastically remarked: "If Senator Pope can avert war in Europe, he is certainly due a great deal of credit."

Some of Ross's advisers have urged him not to run against Borah. They have pointed out that despite the great strength of the Townsendites in Idaho, Borah is still Borah and no one in the State can beat him. Ross does not accept this view. He believes it his destiny to retire the dean of the United States Senate to private life. A clever, talented politician, he has played his cards skillfully. Although a Democrat, he is only a lukewarm supporter of the New Deal. He believed in the AAA, for Idaho is an agricultural State. He was a critic of the NRA, but Idaho has few industries and only a small labor movement. Borah's alignment on these issues is approximately the same.

Borah's cry of "Back to the Constitution" will be met by a challenge from Ross, who contends that there are certain functions that can be answered only by Federal control. Ross is not a militant defender of States' rights. He is an advocate of the bonus, the Frazier-Lemke bill and other minority demands and particularly prides himself on knowing the problem of the farmer. Both the Governor and the Senator can be depended upon to jockey for the position of the progressive candidate.

Any prestige that Borah can acquire nationally increases his prestige in Idaho. To this fact many of the Senator's adherents in his home State attribute his willingness to enter G. O. P. national affairs. They admit, of course, that Mr. Borah would rather be President than Senator, but they believe that Borah realizes that his most effective campaigning for reelection to the Senate can be done on a national basis. In the meantime, there is no doubt that the Governor hopes that Mr. Borah will get the Republican Presidential nomination, while Mr. Borah probably returns the compliment in hoping that Mr. Ross will find that he can best serve Idaho by seeking a fourth term as Governor.

Why Bother About Japan?

By TYLER DENNETT*

ONCE more the world looks toward Eastern Asia and the Pacific with anxious eyes. Japan has started a new drive for "autonomous" Provinces in North China and more insistently than ever is demanding parity in naval tonnage. What should be the policy of the United States in face of these latest developments?

In recent years American Far Eastern policy has been shaped by international agreement. When the Anglo-Japanese alliance appeared to require that the United States build a navy equal to the combined British and Japanese fleets, the Washington Conference of 1921-22 was called in order to set up a system of regional collective security that would obviate a naval race. Out of this conference came a series of treaties, including a Four-Power pact (Great Britain, Japan, France, the United States) relating to insular possessions in the Pacific; a Five-Power pact (the four above-mentioned nations plus Italy) limiting naval armament, and a Nine-Power pact (the signatories of the preceding treaties with the addition of China, the Netherlands, Belgium and Portugal) regarding principles and policies to be followed in matters concerning China.

The Four-Power pact, signed in December, 1921, was to last ten years and could then be terminated upon twelve months' notice. It provided for a "joint conference" in case any controversy relative to islands in the Pacific could not be settled by diplomacy. The Five-Power navy pact, signed in February, 1922, was to run for fifteen years unless renewed with or without revision. The Nine-Power pact, although signed simultaneously with that establishing naval limitation, was of no fixed duration and contained no provision whatever for revision or abrogation.

The Nine-Power pact sought to remove that threat against China and the principle of the Open Door which had long hung over the Far East and had served as a spur to naval competition. In 1915 Tokyo had presented to China the now-famous Twenty-one Demands; later, Japanese forces had occupied Shantung and penetrated into Eastern Siberia. The Nine-Power treaty reduced to law the hitherto somewhat vague principles of Chinese integrity and the Open Door. Although diplomatic language is sometimes obscure and involved, there were in this treaty no "ifs," "ands" and "buts." The signatory powers, other than China, agreed in Article I:

1. To respect the sovereignty, the independence and the territorial and administrative integrity of China;

2 To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would

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abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States.

Unlike the Four-Power treaty, the agreement regarding China did not provide for a "joint conference." The nine powers merely promised each other "full and frank communication"; in other words, in case of alleged violation of the treaty, one government could resort to the ordinary means of diplomatic inquiry without being told to mind its own business. The signatories either did not care or did not dare to tie themselves up so tightly regarding China as they had done regarding the insular possessions. They did not wish to set up in the Far East, where there was almost certain to be further trouble, another League of Nations.

It is indeed very strange that the two treaties—the Five-Power and the Nine-Power—both signed on the same day, contingent on one another and yet with nothing in the texts to show that, should have had different limits, one running for fifteen years, the other for eternity. Certainly the diplomats who formulated the pacts were not stupid; some of them intended to have it thus. It was, moreover, no mere "mistake" on the part of the experts that the Nine-Power pact was to go unrevised unless all signatories could agree to its revision and that no signatory could withdraw except by unilateral denunciation—which, in international law, is hardly an orderly process.

So far as the United States was concerned, the Nine-Power treaty was to be permanent, even though probably no one who knew the Far East really believed that it removed all the potential causes of irritation. It is unlikely that the American Government would have agreed to naval limitation without the assurance in solemn treaty form that the other great powers, notably Japan, would "refrain from taking advantage of conditions in China." It is even more unlikely that the United States Senate would have advised ratification of either of the treaties had not the other been before it for similar action.

What is the treaty situation today? The Five-Power pact has been denounced by Japan, and conversations relative to its revision are at present going on in London. As for the Nine-Power pact, it is as a vestment of international relations about as motheaten as the Covenant of the League.

In her Manchurian campaign Japan certainly did not "refrain from taking advantage of conditions in China" in order to secure national preferences that impair the rights of nationals of other States. She respected not at all "the sovereignty, the independence and the territorial and administrative integrity of China." Under the flimsy guise of setting up a new State she destroyed the "principle of equal opportunity for the commerce of all nations" in Manchuria.

A specific example? Japan created the Manchurian Petroleum Company, to which no American capital was admitted, and gave it monopoly control of an area in which two American companies were handling 55 per cent of oil imports. Acting always through the local puppet government, Japan then proposed to force the American companies not only to retire from the retail business but even to sell their storage and marketing equipment at a Japanese valuation. The American companies are believed to face what amounts to expropriation. Again, because of the unfriendly attitude of the Japanese, two American automobile companies recently decided to abandon the construction of an assembly plant at Dairen.

Shaded area indicates Japanese penetration into China since 1922. The advance of 1935 has not yet been consolidated, and boundaries shown are approximate

On April 19, 1934, a spokesman of the Japanese Foreign Office was quoted as saying that the Nine-Power treaty "is no longer of practical value and has become null and void." No official repudiation of this statement has sufficed to offset the fact that in Manchuria the Japanese Government has acted as though the treaty were void.

Japan followed the Manchurian invasion by a subsidiary expedition south of the Great Wall. The resulting truce of Tangku, which was forced upon China by the military and negotiated at the point of guns, set up a demilitarized zone south of the wall and parallel to the Tientsin-Peiping railway. It involved gross violation of the administrative as well as the territorial integrity of a part of China adjacent even to the capital of the republic. Mr. Amau, the acknowledged spokesman of the Japanese Foreign Office, on April 17, 1934, coldly and deliberately warned the powers to cease offering technical and financial assistance, not merely in Manchuria and in the part of China north of the demilitarized zone, but even in all China, and intimated that if the powers continued Japan might feel it nec-

essary to "act alone" and on her own responsibility.

It is in the light of such a chronicle and such official statements that one is to read the reports of Japan's further advances in Northern China. At the moment the announced objective is autonomy for some more Provinces. It is not unreasonable to expect that before long the puppet Emperor of Manchukuo will be moved back to Peiping to continue on a larger scale the puppet show that Japan has staged for more than two years in the Northern Provinces. Further disturbances in Shanghai are threatened by the provocative measures that Japan is undertaking there. Whether the natural boundary of Japan's ambitions is the Yellow River or the Yangtse or the not very formidable range of mountains that cuts off Canton and Hongkong from the rest of China, remains to be seen.

Certainly there is nothing in prospect to indicate that Japan will be restrained by any engagement made at the Washington Conference. She will merely consult her own convenience. History affords many not wholly dissimilar instances of the violation of treaty obligations, but none on so broad and audacious a scale.

In the face of this unparalleled flaunting of treaty obligations the American Government has pursued a consistent policy of keeping the record posted if not quite clear. Secretary Stimson left the Japanese in no doubt as to the feelings of the Department of State, but to his successors in office he bequeathed no more constructive policy than that of non-recognition of any "situation, treaty or agreement" that violated treaties regarding China to which the United States is a party, or which violated the Pact of Paris. That there is one such offending treaty, that between Japan and Manchukuo, and that there are many such situations and probable agreements, is clear.

One wonders what course the United States would have followed had we not in the naval treaty of 1922 surrendered so much of our naval strength as to make war in the Western Pacific foolhardy. Quite possibly but for the Washington Conference a war with Japan (which Europe still expects) would long ago have been fought and, shall we say, compromised. At present there is clearly no support in American public opinion for territorial possessions in the Far East. We are in a mood to get out, not to get in. A war with Japan any time in the last fifteen years would have advanced us nowhere, nor would it now. A victory over Japan would merely leave the United States holding the bag.

The Roosevelt administration has continued the Stimson policy, yet with a quiet change of emphasis. No longer does the Department of State appear as the world leader against Japan. "In the area under reference [the Far East]," remarked Secretary Hull on Dec. 6, 1935, in a statement not to Japan but to the American press, "the interests of the United States are similar to those of other powers." There is at present no American representative in Geneva urging the League to action. The United States has merely made a general observation that is not more significant than the Secretary's handshake with the Japanese Ambassador at the Secretary's breakfast on New Year's morning. The change of emphasis, subtle though it be, appears to be a movement in the right direction. In the face of the Japanese advance another ominous letter to Senator Borah would do no good. Much better are some simple generalities to the gentle-

men of the press. The American Government is no longer leading a Far Eastern crusade.

But what about the Japanese demand in London for naval parity? It should be remembered that the demand is related to a possible revision of the Five-Power treaty, which is due to expire on Dec. 31, 1936. If the treaty is not renewed or continued with revision, it will be at an end. In the latter case there will be no more question about parity than there was in 1921 before the Japanese delegates came to Washington. Every signatory will recover its original rights, which were unlimited.

The failure of the Washington Conference treaties is the failure of a regional security system. The failure is similar to that of the world-wide security system envisaged by those who framed the Covenant of the League. It is now abundantly clear that for the present, at least, no collective security system even for a region, much less for the wide world, is feasible. A security system is no stronger than its weakest link. No such system, for even a limited area, is worth the time it takes to write out its description if Japan is a signatory. This conclusion is inescapable from the undisputed facts in the Japanese record for the last few years. Why bother about further treaty engagements with Japan?

There remains the fundamental question as to what are the reasonable limits of naval preparations for the United States in the Pacific. American naval experts were not asked to figure on that question in 1921. Then they merely added up their tonnage, the British tonnage and the Japanese tonnage, and struck off a 5:5:3 ratio as representing, roughly, the status quo. If we allow the naval limitation treaty to lapse we shall be free to attack the problem from the other side, the more practical side—not what Great Britain and Japan will be content to let us build, but, rather, what is essential to guard our possessions. This will, in turn, require that we clearly define what in the Western Pacific we are determined to defend.

Shall we undertake the case of the Standard and Texas Oil Companies in their claim that they are being damaged in violation of the Nine-Power treaty? No. Shall we prepare to defend the Fifteenth United States Infantry at Tientsin, which is now surrounded by Japanese troops and at the mercy of an incident that the Japanese will probably wish to avoid? A harder question, which in turn raises the more fundamental one as to whether the Fifteenth Infantry, stationed at Tientsin since 1901 and the Boxer affair, should be retained in an area where Japan is prepared to assume the responsibility for good order. Shall we arm to protect American life and property in China in areas where Japan has warned us to leave the responsibility to her? Public sentiment is changing on this question of protecting life and property. Evidently we do not propose to arm to protect American life and property on the high seas in case of a war in which we are not engaged.

An easier approach to the question of what we shall defend, one more in harmony with our tradition and with the present temper of the American people, is to begin with our Pacific Coast and work westward. Shall we remain armed to protect the coast from attack? Obviously yes. Shall we include Panama and Hawaii? Certainly. And Alaska? Yes, for Japanese in Dutch Harbor would be almost as much of a threat

as Japanese in Pearl Harbor. How far beyond these boundaries shall we go?

Here we get over into a debatable area where the advice of naval experts is necessary. The equation is one of how many tons, and in what categories, are necessary to defend these outposts. But why make any treaty engagement with Japan about it, especially when we know Japan cannot be bound? Why not go ahead and make our plans to suit our convenience? Let Britain make similar plans as to Singapore, Borneo and Hongkong, and perhaps as to Shanghai, as no doubt she will. It so happens that along the coast of China, Britain and the United States have somewhat of a common problem, with this difference — that Britain has more investments to protect and less trade. When an emergency arises, the two nations can decide what, if anything, they will do. But why be bound in advance, or why stir up in Japan such antagonism as we already know neither the United States nor Great Britain will fight to suppress?

These are only the broad outlines of a policy which, were it to be adopted, would involve many very exacting details and some hardships. It is not intended to be a defeatist policy, nor one of abject surrender to Japan—quite the contrary. Whom the gods would destroy they first make mad. Thus it has been time and again with the nations of Europe, America and Asia. The madness has usually taken one form—embarkation upon a program of empire such as that upon which Japan has embarked. In the case of Japan there is an added hazard in that the Chinese people have uniformly absorbed and destroyed their conquerors. The Japanese, moreover, do not possess in their little islands the physical resources upon which to erect an empire after the Western fashion.

Let Japan go ahead. The cosmic process is on our side. Only let us make sure that we do not involve ourselves by loans, trade agreements or political arrangements in any situation that in the end will carry us down in the destruction which for Japan is probably not immediate but none the less inescapable.

The Silver Fiasco

By Elliott V. Bell*

The Silver Purchase Act, which became law on June 19, 1934, in a splurge of mingled international altruism, financial frightfulness and plain politics, had proved itself by the end of 1935 a complete fiasco.

Its publicly proclaimed and high-sounding purpose was to raise "the purchasing power of the East" and restore to usefulness "the monetary standard of more than half the population of the world." But the silver program had a further purpose, not so openly avowed; it was to be a powerful instrument of monetary warfare, calculated to bring proud Britain to her knees and to thrust the presumptuous Jap back within his economic borders. As a by no means negligible incident to these international aims was the purchase at an unpredictable cost of the support of the fourteen Senators comprising the silver bloc and their inflationist confederates in Congress for the administration's legislative program.

Under its operation China, the one important silver-using country in the world, was forced to abandon the silver standard and our trade with that country has been cut in half. Mexico was compelled to revise her currency system; Costa Rica, Peru, Italy, Austria, Spain and other countries curtailed their use of the metal, and "the monetary standard of more than half the population of the world" ceased to play an important part in the currency systems of all countries except the United States and Ethiopia.

As a weapon of monetary warfare, silver proved cruelly effective against backward or weaker nations toward which the United States had traditionally proclaimed its friendship; against Britain and Japan it proved a boomerang which those nations turned to their own advantage. Our Treasury, caught in an economic squirrel cage, not merely saw all the objectives of the program turn to caricature but was jockeyed into the absurd position of establishing a monopoly in a commodity that no one else wanted, at prices made artificially high by its own action and, in so doing, of financing the world's abandonment of silver, Britain's enlargement of the sterling area and Japan's advance on China.

Under the program the Treasury up to the end of 1935 bought more than 775,000,000 ounces of silver at a cost of about $442,000,000, which showed a paper loss of at least 10 cents an ounce and in practice was hardly salable at more than a fraction of the cost. The price of the metal, after being driven up from about 45 cents an ounce to 81 cents, relapsed to about where it started from and the world market for silver became completely demoralized.

How the United States came to adopt a program which turned out so disastrously, in the face of well-nigh universal opposition from economists and financiers, can be understood only in the light of the history of the silver question in this country. Silver, having been in use as money as far

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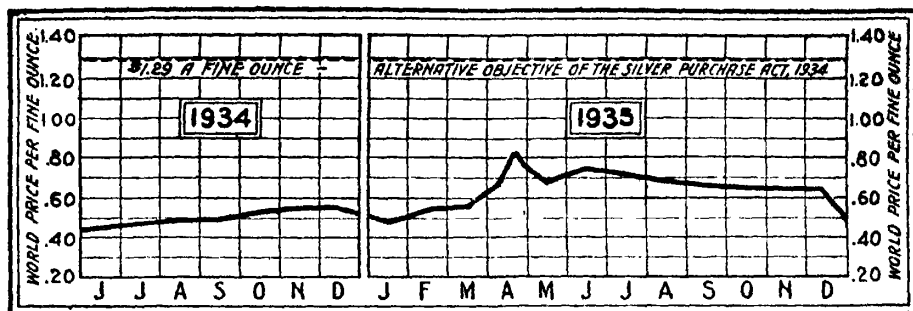
oack as 4500 B. C. and, either alone or with gold, in well-nigh universal use as recently as 100 years ago, did not become a political issue until 1876. By that time widespread demonetization of the metal in Europe had driven down its price to a level that made coinage at the statutory ratio of 16 to 1 attractive for the first time in about forty years. This development came just when the silver discoveries in the West had created a "vested interest" in the metal. The "free silver" agitation that followed led to the adoption of two early silver-purchase laws, the Bland-Allison act of 1878 and the Sherman act of 1890, and culminated in the defeat of Bryan in 1896.

The silver movement finds its strength in the compact and powerful Senate silver bloc comprising the fourteen Senators of the silver-producing States of Nevada, Idaho, Montana, New Mexico, Arizona, Utah and Colorado. They are usually backed by the Senators from Oregon and Washington, because of their interest in the China trade, and are reinforced by the agrarian inflationists with whom Congress is always abundantly supplied. Rich and indefatigable support has come from the great mining and smelting companies.

But self-interest is not the whole story behind the silver movement. Many of the silver Senators must be credited with a sincere belief in bimetallism. Moreover, much of the traditional agrarian support for the silver movement has no direct interest in the metal itself, but espouses the cause of silver as the simplest and therefore most satisfying form of the "cheap money" solution to the problem of hard times. The perennial complaint that "there is not enough money to go around" is answered in a way the farm vote can understand by the silverite argument that the "scarcity" of money springs from the demonetization of silver and the linking of the currency to that high-priced and "dishonest" metal, gold. This was the appeal that Bryan dramatized in the cry, "You shall not crucify mankind upon a cross of gold."

The rebirth of the silver question during the depression was at first viewed with amusement by bankers and economists. But the support that the cause received from unexpected quarters must have surprised the silver Senators themselves. Conditions were peculiarly propitious. The gold standard had broken down. There were serious doubts whether the world did not face a permanent shortage of gold. In the circumstances many who had no past association with silver began to ask whether it might not be necessary to use it in the monetary base "to help out gold." In this atmosphere the silver party secured its first triumph, the London silver agreement, which Senator Key Pittman of Nevada, a lifelong worker in the cause, pulled out of the wreckage of the London Economic Conference in 1933.

Under the agreement the three countries with large stocks of silver—India, China and Spain—agreed to limit sales and refrain from dumping melted-down silver coins on the world market, while the silver-producing countries—the United States, Australia, Canada, Mexico and Peru—agreed to sell no silver and, among them, to buy or withdraw from the market 35,000,000 ounces a year of their total mine production for the four years that the agreement had to run. The objectives of the agreement included "mitigating the fluctuations in the price of silver" and increasing the use and fineness of silver coins.

President Roosevelt announced on Dec. 21, 1933, that under the agreement the government would buy the

The world price of silver following the passage of the Silver Purchase Act, 1934

entire domestic production of silver, then about 25,000,000 ounces annually, at 64½ cents an ounce, as compared with the prevailing market price of 43 cents an ounce. This sop was successful in quieting the silver agitation for a short time, but not for long. The disappointment of the inflationists at the results of dollar devaluation gave the silverites their chance, while a Treasury inquiry on silver speculation early in 1934, instituted apparently in an effort to discredit the silverites, lent to the movement the redoubled energy of injured dignity and resentment.

The administration, forced to capitulate from fear of having its legislative program blocked by the angry silver bloc, offered the Silver Purchase Bill as a measure of its own. This laid upon the Treasury a mandate to buy silver until one or the other of two objectives had been reached: (1) The acquisition of a stock of silver equal to one-third the stock of monetary gold or (2) the rise in the price of silver in the world market to $1.29 an ounce. The rate and manner of purchase were left to the discretion of the government.

When the Silver Purchase Act was passed in June, 1934, the monetary gold stocks in the United States amounted to about $7,756,000,000 and the silver stocks were equal to about 700,000,000 ounces. To establish the one-to-three ratio of silver to gold, about 2,000,000,000 ounces of silver were needed; hence 1,300,000,000 ounces had still to be bought. The price when the act was passed being about 45 cents an ounce, a rise to $1.29 meant an appreciation of some 187 per cent.

Whichever objective should prove the ultimate goal, it was obvious that the Treasury had to buy an enormous amount of silver and in a market from which, under the London agreement, certain important sources of supply had been cut off. Obviously such a situation invited a wild price rise. The London agreement, which had been devised to lessen such fluctuations, was violated in spirit the moment the silver law was signed, but the agreement and the law combined perfectly to achieve the real desire of the silverites—a rise in silver prices.

Carrying out its mandate, the United States Treasury began buying silver in the London bullion market and soon attracted a huge speculative following. Early in 1935 the price began to skyrocket. As it advanced the President raised the price paid to domestic producers, at first to 71.11 cents, then to 77.57 cents an ounce. When the world price rose on April 26 to 81 cents the Treasury temporarily withdrew from the market.

It immediately became apparent that the United States was the only buyer of silver in the world. There followed a collapse of silver prices that did not come to an end until many speculators had been ruined. When the speculators had been driven from the market the Treasury pegged the world price at 65⅝ cents, holding it unchanged for fifteen weeks between Aug. 26 and Dec. 7, 1935.

In the meantime, a general demonetization of silver had ensued. In China, the rise in price worked havoc. With cheap silver China had enjoyed a boom; silver, piling up in the banks of Shanghai, had encouraged them to expand credit. But as the world quotation began to rise under the impact of American buying, the metal flowed out; the country was drained of its circulating medium and drastic deflation came about, accompanied by bank failures, high rates of interest, falling prices and stagnant business. Our exports to China fell from $55,000,000 in the first nine months of 1934 to $29,000,000 in the same period of 1935.

Formal protests to the United States Government having proved futile, the Nanking Government in October, 1934, placed a prohibitive export tax on silver in an attempt to free China from the influence of our operations. The program, however, was only partially successful. The mounting price of silver encouraged smuggling, while the Japanese, through their control of Manchukuo and North China, facilitated the drainage of silver out of China and its sale in London to the United States Treasury.

China was not the only country to be adversely affected by our silver policy. When the price of the metal rose above 72 cents an ounce in April, 1935, the silver in the Mexican peso became worth more as bullion than as coin, and to avoid the melting down of her currency Mexico was compelled to change her monetary system and call in the outstanding coinage. Many smaller countries were similarly compelled to place protective embargoes on the export of silver. It soon became evident that, far from increasing the monetary use of silver, our program was rapidly bringing about its world-wide demonetization.

In the case of Mexico there were, of course, compensations for this assault upon her monetary system. As a large producer of silver Mexico has benefited from the price-raising, silver-purchasing program. Having succeeded in protecting her currency by prompt measures, including a temporary closing of all banks and withdrawal of silver coins from circulation, Mexico's chief concern now is that the United States may reverse its policy and allow the price of silver to collapse. For China, which does not produce silver, there were no such compensations.

The climax came last November when China, acting apparently on the advice of Sir Frederick Leith-Ross, British Treasury expert, formally abandoned the silver standard and adopted a managed paper standard indirectly linked to sterling. By this move China adroitly placed herself in a position to benefit by the high price of silver maintained by the United States Treasury. She could now sell in London the stocks of silver taken over by nationalization from the banks in Shanghai and thereby secure funds with which to manage her currency in the world foreign exchange market.

The full force of this blow cannot be realized without considering some of the aspects of our silver program that have received little attention.

Among the arguments advanced in favor of a silver-buying program were two that, for reasons of policy, were not overstressed in public. One had to do with the pound sterling, the other with the rising influx of cheap goods from Japan.

Great Britain had secured a competitive advantage over the United States in international trade before 1933 by the depreciation of her pound sterling. When the dollar was taken off gold and depreciated this advantage was wiped out. Britain saw the point at once and in the Summer of 1933 was prepared to discuss stabilization. But at the time of the London Economic Conference the dollar had only just begun to fall and President Roosevelt sternly rejected the tentative stabilization proposals put forward at the conference. By the end of January, 1934, however, the shoe was once more on the other foot. The dollar had again been tied to gold, while the pound sterling still remained an unstabilized paper currency. From that time onward the United States Government was eager for stabilization of the pound, but the British were now as coy as we had been.

The silver program, in the view of some of our Treasury officials and of many of its advocates, could induce a more tractable frame of mind in Great Britain. First, by purchases of silver in the London market, involving the steady sale of dollars in exchange for pounds sterling, our Treasury was now able to meet any attempt on the part of the British further to depreciate the pound. The weapon was not irresistible, for it depended largely upon the amount of silver available for purchase in London, but it had some value.

A much more ostentatious, but unfortunately insubstantial, edge to the silver blade lay in the relationship of silver, the pound sterling and the Indian rupee. The rupee is pegged to the pound sterling at a fixed rate. The maintenance of this relationship is of considerable importance to British mercantile and political interests. But although India is thus on a paper standard, linked to sterling, the currency of India consists largely of silver coin. With the pound sterling at about $4.92, the silver in the rupee becomes worth more melted down as bullion than as coin when silver sells at $1.07¼ an ounce. It was the hope of some of the supporters of the silver policy that, by driving the price of silver above the melting point of the rupee, powerful pressure would be brought upon Britain to compel her to end the monetary war.

Unfortunately for this grandiose scheme, the price rose just high enough to loose the thunderbolts of our monetary war machine against our smaller neighbor, inoffensive Mexico. Then the price dropped to where it was when the Silver Purchase Act was passed.

Not merely did the offensive against the pound sterling fail to attain its objective; it had to be stopped. Under the new situation in China, if the United States attempted to raise the price of silver, it had to buy at artificially high prices an enormous quantity of Chinese silver. While this might enable the Treasury to reach the objective of one part silver to three parts gold in the monetary stocks, it would force the Treasury to pay huge sums to the Chinese which they could use to manage their currency on a sterling basis. The offensive against the pound flew in the face of common sense from the start, but it was actually cherished in high government circles as the "redeeming feature" of the silver program.

The Japanese aspect of the silver

program was not much better conceived, and it turned out just as badly. Although Japan had not been on a silver standard since the days before Bryan, those more astute silverites who rejected the "purchasing power of the East" slogan as buncombe, were convinced that by raising the price of silver Japan could be injured. They contended that Japan was so closely related to China, purchased so much raw material there, sold so many finished products there, that by raising the price of silver Japan's depreciation of the yen could be offset. The argument was that Japan by depreciating the yen had been able to dump a flood of cheap manufactured goods on our markets, and since it appeared impracticable to engage in a competition of currency depreciation based on gold, the best way to meet this situation was to deflate Japan through a rise in the price of silver.

Actually the rise in the price of silver seems to have done no damage to Japan. It tended to improve her relations with China because the latter, incensed by the damage done by our program and by our disregard of her protests, recoiled from the United States toward Britain and Japan. But our program was turned to Japan's advantage in a more material way. That country facilitated the smuggling of silver out of China and later pursued a studied policy of draining silver out of the northern districts to finance her operations there. The silver so acquired was shipped to London and sold to the United States Treasury.

Faced on all sides with a grotesque caricature of the original objectives of the silver policy, the Treasury in December, 1935, withdrew from the London bullion market and allowed the price of silver to collapse. Within two weeks that price tumbled from the pegged level of 65⅜ cents to about 46¾ cents, with accompanying convulsions throughout the world.

After eighteen months the Treasury was little closer to the alternative goals that would set it free from the mandate to buy silver. The price of $1.29 was as far away as ever; while the increase in our gold stocks to over $10,000,000,000 had so raised the amount of silver required for a one-to-three ratio with gold that, after buying 750,000,000 ounces, the Treasury still needed more than 1,100,000,000 ounces, or barely 200,000,000 ounces less than had been required when the Silver Purchase Act was passed.

Apart from saddling the Treasury with a program of costly buying which may ultimately involve huge losses, the silver program has had negligible domestic effects. The issue of silver certificates against the bullion acquired through the operations of the program has increased the proportion of that form of currency in the total outstanding money supply, driving out of circulation a corresponding amount of other types, and has contributed possibly $350,000,000 to the total of about $3,000,000,000 of existing excess bank reserves. The purchase of domestically mined silver at prices substantially above even the artificially high world market quotations has involved a handsome bonus to the silver-producing companies and increased the prosperity of the silver States. There is no evidence that the program has had any effect upon the general level of commodity prices and, as already indicated, it has completely failed to improve our export trade with the Orient.

When Gomez Was Venezuela

By LOTHROP STODDARD*

On Dec. 17, 1935, death came to a lean, wiry old man with piercing black eyes. That man was Juan Vicente Gomez. For twenty-seven years he had held Venezuela in the hollow of his hand; not only did he govern Venezuela, he *was* Venezuela. His intensely personal rule so transformed the country that it bears indelibly the stamp of his ideas and policies. What the outcome will be, only time can tell. Yet, for weal or woe, it will be his legacy.

Present-day Venezuela presents a spectacle to delight the heart of any orthodox economist. Almost alone in our troubled world it enjoys regularly balanced budgets, absurdly low taxes and no foreign debt, while it could pay off its small domestic obligations tomorrow from a handsome Treasury surplus if it wanted to. Its currency, on a solid gold basis, is unquestionably the soundest in the world. Its prosperity is well balanced between agriculture and industry. Wages are stable and unemployment is virtually unknown. Nearly $1,000,000,000 of foreign capital earns good dividends under conditions fair alike to itself and to the country of its adoption.

Like its sister republics, Venezuela won national independence in the revolutionary storms that early in the nineteenth century swept Latin America from Mexico to Cape Horn. Nowhere else was the conflict so fiercely devastating. Here Bolivar, master spirit of the revolution, took up the fight against Spain. Yet here also Spanish power was deeply entrenched, a large part of the population proving loyalist to the core. The result was a furious struggle that, after ten years, left Venezuela free—and ruined. The country was depopulated; the educated classes were for the most part dead or in permanent exile. The surviving remnant was impoverished and brutalized.

That was Venezuela's bad start, and the handicap remained for generations. A veneer of civilization persisted in Caracas, the capital, perched just behind the crest of the mountain-wall rising from the Caribbean Sea, but elsewhere the country dwelt in backward isolation. During Spanish colonial times, the vast grassy plains of the Orinoco Basin, known as the *llanos,* had been covered with cattle and horses, tended by bold ranchmen, the famous *llaneros.* During the War of Independence the embattled cowboys killed each other wholesale; their herds were slaughtered for the armies, and the abandoned prairies grew up to worthless scrub or reverted to malarial marsh. Not until the days of Gomez did the *llanos* recover even a tithe of their colonial prosperity.

Before Gomez, Venezuela's history was one of perpetual revolution. To be sure, now and then some iron-fisted general would get a grip on Caracas and establish a temporary dictatorship, but none of these predecessors really mastered the country as a whole. Venezuela is a primitive

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land, with an area of 394,000 square miles (about as large as Washington, Oregon, Idaho and Montana combined), and a population of only 3,000,000 persons. Its scattered inhabitants, separated by roadless mountains and jungles, could not be brought under effective control. Each provincial center had local leaders much like feudal chieftains, and each leader was a rival of the ruling President. Thinking the moment ripe, one of them would proclaim a revolution and start out along the jungle trails toward the distant capital, enrolling all the bandits he could tempt and all the wretched peons he could kidnap on the way. Before Caracas even heard of it, the revolt might have made considerable progress, while the slow-moving Federal troops were usually unpaid and unreliable. Result: another civil war which, whatever its outcome, drove the wretched country further down the scale of civilization.

This revolutionary plague reached its climax in 1900, when Cipriano Castro burst out of the western highlands at the head of a tatterdemalion horde. A swart, hairy little man, the offspring of illiterate mountaineers, but with a genius for guerrilla fighting and demoniacal ferocity, Castro soon reached Caracas and seated himself in the Presidential chair. Almost a savage, Castro's outstanding traits were greed, lust and an enormous vanity. He looted the Treasury, seized any woman he coveted and browbeat everybody—including foreigners. Foreign debts were repudiated, protesting Ambassadors were expelled and the others left in a huff. Venezuela was put in diplomatic quarantine, was subjected to a naval blockade and might have been invaded by several European powers but for the Monroe Doctrine.

How the mess would have ended is hard to say if, after eight years of power, Castro had not so wrecked his health by frantic debauchery that the best European doctors were needed to prolong his worthless life. So off he sailed to get patched up, leaving his ablest henchman to run things in his absence. That chosen regent was Juan Vicente Gomez.

This was a logical move on Castro's part, for the two men had long been closely associated. They both hailed from the western Province of Los Andes, the mountainous border region where a cool, healthful climate breeds a hardy stock of small farmers and ranchers. Gomez had the better social background, being the son of a well-to-do ranchman, but he had been taught little beyond the traditional Three R's. Most of his schooling had been from the book of nature.

Gomez was a born cattleman, and under normal conditions he would probably have lived and died a ranch owner. But during the revolution-ridden 1890s both he and Castro had been involved in a political disturbance and had been forced to flee across the frontier into neighboring Colombia. There Gomez, with characteristic energy and ability, went into the cattle business and did extremely well. Meanwhile he kept in close touch with his fellow-exile and when the time seemed ripe he sold his Colombian holdings and financed the start of the Castro revolution. What more natural than that the new dictator should reward his stanchest backer with the Vice Presidency?

It was no bed of roses. Castro spared no man, and more than once browbeat his trusted lieutenant during a drunken rage. That was bad business, since Gomez had a vengeful temper and a long memory. Yet he likewise possessed the qualities of

Venezuela, where Gomez held sway for twenty-seven years

silence and iron self-control, and held his tongue. Once his chief was duly ensconced in a European sanitarium, Gomez struck quick and hard. The "revolution" was surprisingly bloodless. All Venezuela hailed its deliverance from a half-mad tyrant. Before the close of the year 1908 Gomez stood firmly in Castro's shoes.

The new President soon showed that he intended to be something more than a short-lived dictator. Instead of looting the Treasury with the aid of a few henchmen, he assembled the ablest men of all groups and invited them to join him in a long-term program for the transformation of Venezuela's national life. This program he called the *Causa Rehabilitadora*. Having marshaled the country's best brains in a coalition government, Gomez decreed the end of "politics," in the traditional sense. Henceforth his Rehabilitation party was to be the only party. No other would be tolerated, and any one daring to make trouble would be mercilessly dealt with. It is interesting to note that Gomez thus anticipated the "one-party" system adopted by more recent authoritarian governments.

Gomez clearly stated his political philosophy in a Presidential message to the Venezuelan Congress. "During my youth," he said, "I felt keenly the burden of sorrow that weighed upon our nation. The countryside was abandoned, for only a few of us dared to cultivate our estates. The cities were dead, for industry was absent. Our subsoil wealth remained undeveloped, and the towns in the interior were isolated from each other. Seeing these things I vowed that if I were ever in a position to exercise a decisive influence on the destiny of our country I would put an end to the political agitations and to the parties and clubs that only sowed seeds of hatred and impelled men to fly at each other's throats in fratricidal strife. Providence heard my vow, and today our native land no longer reproaches us for keeping her in a state of sterility; indeed, contentment, peace and progress extend throughout all Venezuela."

In other words, Gomez was convinced that until a long period of peace, order and material prosperity had stabilized the country and had dimmed the tradition of revolutionary

violence, Venezuela simply could not have both party politics and progress. If this thesis were sound, it followed logically that those who would block his rehabilitation program were traitors. The fact that they invoked the principles of liberty and democracy was quite beside the point, since, in his eyes, such luxuries were not for Venezuela at that stage of her development.

Such is the doctrine that Laureano Lanz, the dictator's native biographer, terms "democratic Caesarism." Venezuela's Caesar certainly applied it with iron logic throughout his long reign. Behind an efficient professional army, well paid and loyal, stood an even larger army of police, spies and informers. All political agitation was ruthlessly crushed. The prisons were jammed and thousands more were driven into exile. Gomez was frankly a despot. He justified himself by claiming that his was a benevolent despotism and that nothing else could rescue Venezuela from economic backwardness and political anarchy.

Certainly Gomez wasted no time in applying his doctrine. Before long he and his technical advisers had laid down the main lines of the economic policy that was faithfully followed in subsequent years. To say, as is so often said, that his economic success was due solely to the development of Venezuela's rich oil fields is clearly unjust. Gomez had been in power ten years before oil really helped him, and by that time he had already improved the country's whole economic set-up. The fabulous wealth drawn from oil only quickened the pace.

The dictator's first task was financial reform. He found Venezuela bankrupt and without credit because of Castro's debt repudiations. A reasonable adjustment was promptly made with foreign creditors, the currency stabilized, the public service put on a relatively efficient basis, native and foreign capital assured of fair treatment, brigandage suppressed and order established. By the close of his first decade in office Gomez had paid off one-fifth of the national debt, spent $13,000,000 on public works and put $7,000,000 in a special Treasury reserve. All this, remember, before the oil boom.

The oil boom, incidentally, was the fruit of a deliberate policy. For years Gomez had welcomed foreign prospectors in the wild, Indian-haunted Maracaibo region, promising them equitable arrangements in case of success. When the value of the wells was proved, he drafted regulations that oil experts generally consider fair. The government was to receive a 10 per cent royalty on all oil produced, with certain additional taxes. To be sure, Gomez himself and some of his high officials got good "cuts" in the shape of a stock interest and other perquisites. Neither the dictator nor his lieutenants even pretended that they ran Venezuela solely for their health. But charges were definite and not subject to sudden change. All knew where they stood and could figure accordingly.

The oil industry grew like magic. Starting from a mere 119,000 barrels in 1917, production swelled to 4,500,000 barrels in 1923 and had attained the prodigious total of 142,000,000 barrels by 1930, bringing into the Treasury $25,000,000 through royalties and taxation. Oil thus accounted for nearly three-fourths of Venezuela's total revenue, which had multiplied fourfold since Gomez assumed power. In none of the world-depression years has the national revenue been notably reduced. In 1934 it stood at about $37,000,000 gold.

This wealth enabled the dictator to realize his pet projects. In 1930 he extinguished the entire balance of Venezuela's external debt in a single gold payment dedicated to the memory of Simon Bolivar, the Liberator. Concurrently, even larger domestic debts were so reduced that they could have been easily liquidated from a growing Treasury balance. Vast sums were devoted to public improvements of every kind, notably to the building of roads, which, next to stock-raising, was the dictator's hobby. Thereby he killed two birds with one stone—insuring economic development and political stability at one and the same time. Over magnificent highways reaching to the remotest Provinces commercial produce could roll swiftly to the seaboard—and army lorries crammed with soldiers could roll with equal speed to nip a revolution in the bud. Indeed, those roads were built largely by political malcontents; with grim humor the dictator sentenced the ringleaders of a hostile student demonstration in the following words: "You say you yearn to serve your country. Very well, I will give you a fine opportunity." And he sent them to hard labor building one of his new roads!

Together with road building went extensive drainage and irrigation projects, encouragement of agriculture, aid to local industries and the spread of stock raising. In this last, especially, public assistance was supplemented by the dictator's personal activity. Perhaps his fondest dream was to make Venezuela once more a great cattle and horse rearing country. In his mind's eye he saw the desolate *llanos* rivaling the Argentine pampas as one of the world's chief sources of livestock and meat supply.

During his later years Gomez spent nearly all his time on his experimental farm at Maracay, some eighty miles from Caracas. There amid his cherished livestock (including a private zoo) he lived the simple, patriarchal life of the *ranchero* that he liked best, eating sparingly, avoiding hard liquor and tobacco, retiring early, rising with the dawn. Despite his fabulous wealth, his strictly personal expenditures probably did not exceed a few thousand dollars a year.

It is hard to draw the line between the dictator's private income and the public revenue because he seems to have regarded all Venezuela as, in a sense, one great estate, to be managed and developed along the same general lines. Unlike most Latin-American dictators, he did not bank his winnings abroad. Instead, he invested them at home, and established model farms, ranches and kindred ventures.

In private life Gomez was patriarchal in the extreme. Never legally married, he was credited with between 80 and 100 offspring. Yet his extra-marital connections, though numerous, were rarely casual, and he seems to have recognized most of the children born from his irregular-regular unions. As the years passed and grandchildren enlarged his domestic horizon, the aging patriarch became a veritable primitive chieftain, ruling his ever-ramifying blood clan as strictly as he did his people.

It is this amazing mingling of the primitive with the ultra-modern that lends to both the personality and the public career of Juan Vicente Gomez its interest. Whether he built upon rock or upon shifting sands, history will ultimately tell. But that he wrought zealously according to his lights, few can honestly deny.

Common Sense and the Constitution

By THOMAS R. POWELL*

FOR about two years we had an unprecedented splurge of governmental activity in drafting the National Industrial Recovery Act and in framing, imposing and enforcing codes under its assumed authority. Then the Supreme Court told us that the statute had been wholly invalid from the beginning because it had not itself indicated to the President any sufficiently definite standard for his action in approving or imposing the codes.

If this were all, Congress might have started again and by more definite and detailed provisions have cured the defects. But it was not all. The Supreme Court went further and said that Congress may not itself regulate local matters unless they have a direct effect on interstate commerce. It said that the killing and selling of chickens has only an indirect effect on the interstate commerce that consists of sending chickens across a State line to await their fate.

Suppose that the court had said none of these things, but had sanctioned the codes and sustained the conviction of the Schechters. Would this have given us a better Constitution than the one that the Supreme Court says we have? The President of the United States seemed to think so, at least as to the power of Congress to prescribe in terms what it had turned over to others to prescribe.

As soon as the leader of one political party takes a position like this the leader or leaders of the opposite party are inclined to assert the opposite. They are likely to praise to the skies the Constitution that the Fathers and the Supreme Court have given us, and to say that any change would be sacrilege and the prelude to destruction. They are likely to talk in broad, general terms, to appeal to the emotions, and to assume that we are helpless to save ourselves unless we are saved by the Constitution. Others who dislike what an administration has been doing are likely to insist that such things must not be permitted by the Constitution or we shall be certain to go to the bow-wows.

The answer is likely to be made in equally broad and emotional terms. When a Supreme Court Justice in declaring unconstitutional an effort of Congress to establish a system of railroad pensions says that one of the arguments advanced by the government in favor of the statute "arises from a failure to distinguish constitutional power from social desirability" he naturally provokes the retort that the nation should have constitutional power to achieve what is socially desirable. If the debate goes to the hustings, we shall hear such slogans as "national power adequate to national needs," "national regulation of nationwide industry," "national power to secure social justice," "a Constitution for the twentieth century," and similar effulgences that may do more to

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kindle than to enlighten. We may have ahead of us a pretty horrible season of loose and wild public talk.

It may be simpler and more instructive to consider what would be the situation if we had such a Constitution as was assumed and invoked by Congress and the President rather than the one resulting from the more restrictive interpretation of the Supreme Court. The first point to make is that nothing in that assumed Constitution required Congress to keep the Recovery Act on the statute book. It could repeal it at any time. As opposition grew, as failures in administration were perceived, as the situation got better or worse, the Recovery Act could be curtailed, confined or done away with altogether. To say that it could is of course not to say it would.

Pride of authorship and of sponsorship, political and human reluctance to confess error, these and other considerations would work against precipitate modification or repeal. Yet there is always the pressure of public opinion stimulated and courted by political opponents and feared by those who prefer to stay in power. Upon such pressure we are dependent for keeping conceded constitutional powers within acceptable limits. With expanded powers, the pressure would still be there.

Yet it remains true that the wider the power the more extensive the possible mischief. Such mischief seems always more menacing to the party in waiting than to the party in the saddle, more certain to those who wish to be let alone than to those who wish government to help them. Quite aside from any bias of party or personal interest, some men believe that the best way to right things is to leave them alone, and others see in the interdependent complexities of present-day society an increasing need for wide governmental control. These opposing attitudes may shout in terms of national supremacy and of State autonomy, but much of this shouting is suspect.

Some there were who favored national power when they wished their laborers sober but not when they wished them young. By and large, objections have been directed against the fact of regulation rather than against the source from whence it came. There is less to fear from forty-eight masters in forty-eight independent areas than from one master whose realm is nation-wide. Those who wish as little government as possible are well advised in preferring the Constitution according to the Supreme Court of 1935 to the Constitution according to the Congress and the President of 1933.

Just how far Congress is curbed by the judicial formula that it must confine itself to matters having a direct effect on interstate commerce we do not know. The formula is not self-defining. The Schechters were local killers and local sellers, after interstate commerce was over. The case that saved them from the Poultry Code may not keep Congress from regulating those whose products cross State lines to market. It is possible that the production and marketing of petroleum and coal and steel and textiles and shoes might be subject to Congressional control of competitive standards in many ways. We do not know.

There is doubt whether permissible regulation may come from Congress or must be left to the States; there is doubt as to what type of regulation is possible for either. The codes did many things by way of regulating competition that State Legislatures may not do to promote health or safety. Hours were limited, not to protect

health but to share the work. Wage regulation is an impairment of freedom of contract that the Supreme Court allows only in exceptional instances. The basic economics underlying much in the codes was something novel in legislation. Whether the Supreme Court would condone it we do not know.

We do not know, as this is written, what the Supreme Court will say about the processing tax, the Guffey Act, the Wagner-Connery Act, the Tennessee Valley enterprise or the Social Security Act. We do not know what the court will say about Congressional regulation of Stock Exchanges and the issuing of securities or about holding companies and the capital structure of utility corporations. Some independent and impartial lawyers selected by the American Liberty League may tell us in advance, but those of us who have often compared lawyers' briefs with judicial opinions will still lack confidence until the official court has spoken. Many of us may have our views about what results we prefer, but long experience is persuasive that the Supreme Court will continue to surprise us both to our joy and to our regret.

Rent regulation, the Adamson law, the recapture of excess earnings, the Transportation Act, the Minnesota mortgage moratorium and the abrogation of gold clauses were legislative novelties that the court found not forbidden by the Constitution. In 1935-1936 the majority of the Supreme Court justices may not prove as bad as some people fear, or as good as others hope.

All this suggests the inference that it is at the moment a little previous to consider whether we need some sweeping constitutional amendments, and certainly previous to consider just what particular amendments to propose. The situation is very different from that of 1787, when there was clear need of more cohesive power than the Articles of Confederation could possibly give. Then there was no national commerce power and no national taxing power. Now we have a large measure of both.

We have enough of both so that it is open to the Supreme Court to sustain considerably more of our contemporary national enterprise than in all probability it will. There is, of course, the possibility that the Supreme Court may impose so many negatives that the demand for change will be insistent. Such demand cannot be dismissed by empty shoutings about liberty and the sacred Ark of the Covenant. The demand will be for no more extensive powers in Congress than those possessed by the Parliament of Great Britain. It will be for no more centralization than we are familiar with in time of war. These precedents may not establish that any changes are wise or needful, but they suggest that proposed changes are entitled to be thought about on their merits and not dismissed as impious.

It was not impious to amend the Constitution to give the nation an effective power of taxation after the Supreme Court had reversed itself and crippled the power formerly possessed. Those in search of folly may turn to the five who killed the power rather than to the many who revived it. The resurrection came in 1913, in perhaps unconscious prescience of the need that would arise in 1916 and not wane with the waxing of the struggle to make the world safe for democracy.

When we ask whether there is any corresponding need for constitutional change today or tomorrow, we enter a realm where the constitutional lawyer is not an expert and where perhaps there are no experts on whom a

man can safely lean. Yet without being an expert, one may be safe in saying that the States by separate action could not possibly do what Congress sought to do by the Recovery Act and the Agricultural Adjustment Act. If we want anything approaching national planning, it must come from national authority. If we want anything approaching national planning, we must for reasons of politics and economics have prescription of hours and wages that goes beyond what the Supreme Court has thus far seen fit to allow.

Such prescription as part of a plan of regulated competition or regulated non-competition raises a different question from any that the court has thus far passed upon. Not a little of national planning is still possible so far as the Schechter case is concerned. It will take other cases to close the doors still open. Yet the court has rejected the argument that Congress may seek to restore or promote buying power because of its effect on interstate commerce, and has thereby set a barrier that will require national planning to be of somewhat limited scope.

If we are sure that national planning can never be of service or can never be an imperative need, then we should rest where we are. We cannot be assured of this by being persuaded that our canceled effort was clumsy and did more harm than good. We cannot know that administration will always break down even if we are clear that the recovery agencies bit off more than they could chew. We cannot be sure that it will always be our political opponents who wield unprecedented power to meet unprecedented need. If we are sure that by separate State action we can always do all that ought to be done, our confidence must be in that realm of faith which rests on the substance of things hoped for and the evidence of things not seen.

About the wisdom of what we were doing until the Supreme Court stopped us there is ample disagreement among manufacturers and merchants, among editors and economists, and among men who work for pay and men who pay for work. Hence, for the simple constitutional lawyer it is hard to say that one view is wholly right and the other wholly wrong. It is hard to say that what was clearly wrong could not be righted. Against the certainty that Congress will never be perfect may be put the certainty that perfection will not come from State action or from leaving things alone. We gamble if we further arm the nation and we gamble if we add no weapons to those the Supreme Court can discover in the arsenal of 1789.

Other desires that lie behind an urge for constitutional amendment are not so inevitably beyond all possibility of gratification by the States. States could provide for unemployment compensation and old-age pensions as Congress is encouraging or coercing them to do. States could end child labor and deal with pay and hours of work. States could aid collective bargaining and seek to stop industrial strife. If they are forbidden by the Supreme Court to go as far as they like, this will be because the ermine's social vision is not acute enough to see that such a program is within the confines where reasonable men may differ about what a decent government may do. If five justices are myopic, then it will take a constitutional amendment to permit action by the States.

Additional reasons animate the desire for an amendment to turn these matters over to Congress. It is easier

to persuade one Legislature than to persuade forty-eight. Then, too, there are legitimate grounds for hesitancy about State action that need not be heeded by the rulers of the nation. The State that in legislation goes ahead of its neighbors may in competition fall behind. Congress may cover the domestic field and guard against competition from without. If it be granted that comprehensive social legislation is a desirable goal, then the movement to confer wide powers on Congress has both politics and economics in its favor.

Is such legislation desirable? This is the vital question. Though we have no classes in America, there are divergencies of personal desire. The National Association of Manufacturers, the United States Chamber of Commerce, the American Liberty League and the Union League Club of New York City have a social vision that is incompletely shared by the American Federation of Labor and by lesser and leftier groups with varying Utopias of their own. What people at bottom are quarreling about has to do with the struggle for power, for comfort, for opportunity or for wealth.

A country schoolmaster at an alumni reunion said two years ago, "The Democrats are trying to feed the country on the NRA. The Republicans say, 'If you're hungry, read the Constitution.'" To which some one added, "Yes, it will take away your appetite." Behind such fooling lies an appreciation of the vital elements of conflict. The Union League Club did not come out pontifically for the Constitution when there were subversive movements against the Eighteenth Amendment. Its members are not prominent in the Civil Liberties Union.

On the issue posed in such terms, it is not for a short paper to speak in any detail. There are those who think of Italy and doubt whether the interests of the many would be furthered by making Washington supreme. The Constitution was not framed by the proletariat and our institutions and our laws have been influenced by interests that will not be made impotent by an addition to its words. Those interests may not be surely self-serving in their opposition to a shift in constitutional power, as they are clearly not wisely self-serving in much of their opposition to other shifts in the ordering of our common affairs.

The wise among them know that markets come from payrolls more than from the yield of stocks and bonds. The 3 or 4 per cent of families who can spend more than $10,000 a year can keep few factories going to produce the profit they enjoy. What each employer might selfishly want for himself he cannot selfishly want for all. Hard as it is to be wise about what arrangements are best for all, only a fool can fail to see that we are members one of another and that the parts should be considered in their relation to the whole.

With this general attitude unqualifiedly accepted, there is still ample room for dispute as to its application to issues of ways and means. The disagreements of Supreme Court Justices may be taken to be quarrels about applications without assuming denial of the major view. That all the Justices have always been wise, it would be hard to maintain. Their disagreements do not prove that the views of each and all of them were of the very best.

It is a strange system of professedly democratic government that in the twentieth century puts in the hands of so few men so immune from popular responsibility a power of choice

that in many respects is of a well-nigh sovereign quality. This power of choice must to a considerable extent remain with the Supreme Court so long as we continue to have a Federal system. It would be restricted but not destroyed by amending the Constitution to expand the powers of Congress. The almost untrammeled censorship that the court can now exercise over legislation in the name of the due process clauses can be curtailed or abolished by appropriate constitutional amendment. Whether we ever wish to do this must depend upon how badly the court behaves.

Cussing the Supreme Court is no new adventure in American life. To Jefferson the court was "a subtle corps of sappers and miners constantly working underground to undermine our confederated fabric." He thought that Marshall pushed the power of the nation far beyond what the Framers intended. At the moment the complaint is that Marshall's successors do not sufficiently appreciate the integration of our national economic life and do not see how directly all the parts affect the whole.

If we look at the present from a proper perspective of the past, we shall not get too excited about what we may regard as the judicial inadequacies of the moment. In the long run the Supreme Court has had to be fairly sensitive to the tides of opinion and of affairs or it would not have maintained its position as it has. In the beginning the Constitution had to be framed with extraordinary wisdom to remain so long the charter of our governmental career. When the time comes to change it, no fault can be attributed to the Fathers. We shall do well if we can be as wise in our day as they were in theirs.

It subtracts not one jot from the high honor deservedly theirs when we insist that the system they bequeathed to us is not holy or sacrosanct. It has not been greatly imitated by other nations whose judgment is not to be despised. It has not served as a model to be strictly copied by our State and local systems. Questions concerning its alteration and amendment belong to the realm of political wisdom and not in the higher sphere of religion. Discussion will do well to come down from the clouds and stay on the firmer ground of practical needs and practical possibilities.

There is something sickening about the assumed self-righteousness of not a few who profess to talk from the heights of Mt. Sinai and Mt. Olympus when they reveal all too clearly their sensitiveness to the pocket or the party nerve. If positions are taken from party loyalty, it would be well to have the fact confessed. When positions are taken from private interest, it would be well to confine argument to those terms. Government is a task of reconciling private interests and they ought to have their say. Still, one may wish for an end of masquerading and for thought about the reasonable needs of all.

Science in Overalls

By WALDEMAR KAEMPFFERT*

THERE were few industrial laboratories in the United States twenty-five years ago. By 1923 the National Research Council was able to compile a list of 500. Now there are 1,600, spending nearly $750,000 a day in improving manufacturing methods or products, reducing production costs, developing discoveries that will become the bases of new industries, finding new uses for old products.

Science has definitely entered the factory. Not even the depression could loosen the hold that it has acquired. Industry, once convinced that it had no other function than to manufacture and to sell something, has discovered that it must also direct its own technical evolution. And the bankers have reached the point where they look askance at the company that maintains no laboratory, content with processes and products as they are.

Nearly every article that we touch is a research product, made from some material that has no counterpart in nature. Turn wherever you will and you find the industrial scientist dangling some new synthesis before you. Analyze the lipstick with the aid of which every woman under 60 improves on nature. It turns out to be a coal-tar derivative in a paste. The talking-machine record that preserves the rendition of a great conductor's interpretation of the Fifth Symphony is for the greatest part carbolic acid (phenol). Ninety per cent of the pipe stems, imitation woods, beads, gaudy automatic pencils and novelties are made of formaldehyde and carbolic acid—a research compound. The frankfurter you buy at some "hot-dog" stand has a casing that researchers developed out of cotton linters.

Examples of these triumphs of the scientific mind over matter and energy can be multiplied almost without end. It is with the less familiar phase of industrial research that we are here concerned — the human phase, the trials and tribulations of laboratory directors, the gambling for stakes that are counted in millions, the hoping against hope that success will at last crown patient experimenting conducted for years, the team-work and logical planning without which research of any kind is mere muddling.

And so we begin by contrasting the inspirational inventor of old, starving like Morse or Howe in a garret, owing allegiance to no employer, with the well-paid scientific hireling of today, a doctor of philosophy, a mathematician of parts and a member of a regiment under the command of a director who must know both science and men, who has the gift of organization, who takes no unnecessary chances but who is of necessity something of a gambler because he never knows whether failure or success awaits him.

Your inventor of old, your Goodyear, for example, who conducts 10,000 haphazard experiments before he hits on the idea of frying rubber with sulphur just as he would fry a chop and thus at last discovers the process of vulcanization, is an empiricist; that is,

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he experiments as the birds sing, follows an inspiration that may or may not be right. A man of enormous industry, infinite patience and imagination may go far in this fashion.

Witness Edison. Having decided that his lamp filament must be made of carbon (and this after every promising metal had been tried) he literally combed the earth for fibers—different forms of living carbon. Men starved for him in jungles to find grasses that might answer his purpose. Bales of vegetation were shipped to him. He even tested hairs plucked from the red beard of a certain MacKenzie. But filaments today are made of tungsten, which in its natural state crumbles like caked salt, but which scientifically conducted research managed to change molecularly into something that could be hammered like iron. One can only sigh with regret that an inventor like Edison, perhaps the most ingenious man of modern times, had no systematic training in mathematical physics.

Gaze now upon the director of an industrial laboratory. He holds the degree of Doctor of Philosophy or of Science. Probably he was once a university professor who attracted attention because of his work in physics or chemistry. He hires other Ph. D.'s, men who are thoroughly grounded in mathematics and some special branch of science, who have graduated with honors from their universities and who have been trained to think and act as scientists, which means that they are masters of what is called scientific method. Below these we find promising recent graduates from universities, eager to learn what corporation research means, as well as mechanics, instrument makers, glassblowers, artisans representing a dozen or more handicrafts—privates in a scientific regiment.

Why does the laboratory staff consist of Ph. D.'s instead of practical, hardheaded, inspirational Yankee empiricists? Because there is nothing so impractical as a practical man in a research laboratory. There is a limit beyond which he cannot go. The time comes when fundamentals must be attacked, when the very structure of matter cannot be ignored.

An empiricist would throw up his hands in defeat if he were asked to synthesize a vitamin or to obtain a hormone concentrate. What we incorrectly call synthetic rubber would still be a dream if its production were left to a Goodyear instead of to chemists who plan new molecular arrangements as architects plan houses and who know what plans can be executed. Edison divined that electric lamps blacken because carbon evaporates from filaments and correctly decided that by filling a bulb with nitrogen it might be possible to keep the glass clear. But he did not know the conditions that had to be fulfilled and failed after spending about $100,000. It took Dr. Irving Langmuir in the laboratories of the General Electric Company to solve the problem, and he solved it on paper with such success that he knew precisely what the result would be.

This does not mean that only from the industrial laboratory may we expect striking advances in electrical communication, plastic compounds and metallurgy. Our universities have their professors whose researches are of immense value to industry. The peculiar "load coils" that first made it possible to telephone from New York to San Francisco came from Michael I. Pupin, professor at Columbia University. Lee de Forest, creator of the vacuum tube without which there would be no radio broadcasting, was a teacher of electrical

engineering in Chicago. Professor Friedrich Bergius lectured on chemistry in Heidelberg.

The point is that for industrial triumphs of revolutionary importance we must look not to practical men with their feet on the ground but to theoretical scientists with their heads in the clouds. The corporation laboratory is more likely to succeed than the outside scientist because of its organization. It has no monopoly of research, no secret formula that spells success where outsiders fail. It buys patents. It sometimes even hires the patentees—makes them members of its own staff. What distinguishes it is its self-perpetuating character, its continuity of effort, its singleness of purpose. It combs the world for discoveries, inventions and men and systematically makes the most of all.

All this smacks of the drill sergeant and the goose-step, a certain ruthlessness in achieving an industrial end, an exploitation of brains for profits. The laboratory director points in reply to Watt, who would never have brought the condensing steam-engine to commercial perfection without the discipline to which he was subjected by his financial backer, Matthew Boulton, and to Bell, who frankly stated time and time again that he would never have been able to develop the telephone without the business ability and forceful leadership of Gardiner Hubbard, his father-in-law. It is always thus. The inventor needs direction and control. Without them he is forever flying off at tangents—abandoning the half-perfected power loom, as Cartwright did, to write poetry or to perform experiments in rope-making, agriculture or bread-baking; or, like Ericsson, turning aside from the incomplete hot-air engine to devise a trap that will drown armies of rats.

The pessimist who looks for soulless regimentation in the industrial laboratory will be disappointed. Researchers must be left largely to their own devices. Temperaments must be considered. In fact, it is even necessary to permit some minds to satisfy urges at the company's time and expense. One great chemist in an industrial laboratory worked at his own private theory of the atom for three years and drew his salary all the time. The theory turned out to be untenable, but it was something that had to find expression. Unless such privileges are granted the more brilliant men resign and go back to the freedom of the university laboratory at a financial sacrifice joyously made. They are intellectual aristocrats to whom the acquisition of knowledge, the broadening of the scientific horizon, is of far more importance than money. The wise laboratory director knows all this. Instead of clipping the wings of his eagles he permits them to soar. And the company pays the bills. But he demands results just the same - and gets them.

If we miss the fine frenzy with which men like Goodyear and Edison conducted their investigations it is because the professional researchers of today are cool, calculating jugglers of atoms. Theirs are academically trained minds. They know exactly what they want to do and the best method of doing it. They squirm when they are called inventors. Too often is the term applied to the half-shabby dreamers who rave of perpetual motion. Yet they are not blind to the drama that lies in converting some noisome compound into a boudoir soap, in forcing vacuum tubes to perform new miracles in television. They simply object to being classed as human freaks or even as the "wizards" of the newspapers.

Behold them at work. There are

conferences with the director presiding. A problem is stated. It matters not with whom it originated. Perhaps with the president or the business office, which is highly improbable because it takes a scientifically inclined mind even to state the right kind of problem. Perhaps with some superintendent or engineer in the factory, which is more likely. But if its solution is to work a revolution the chances are that it originates in the laboratory itself.

Once decided upon, the task is divided into its various aspects. A definite plan of attack is followed, a plan as carefully formulated as any ever conceived by a strategist on the battlefield. Physicists, chemists, metallurgists are assigned their sub-tasks. They saturate themselves first of all in the "literature" of the subject, so that they can begin where their predecessors left off.

They work at their problems mathematically, with formulas and graphs. They waste no time on hopeless experiments that cannot possibly satisfy one or more of a hundred scientific laws and well-established principles. Take the chemist, for example. He draws diagrams of atomic groups that were never conceived by nature. Not all represent practical structures. Some combinations can never be realized because of the hopelessly high temperature and pressure demanded. Others would explode at once. Still others are impossible because certain atoms are inert.

When at last this preliminary exploration, this reconnoissance, is ended real experimentation begins. Success is by no means assured from the outset. The most promising path has been indicated—nothing more. It may prove to be a blind alley, or it may lead to a jungle of difficulties unforeseen. Then it is that the resourcefulness and ingenuity of the real researcher become of primary importance.

Directors of industrial laboratories disagree about policies on organization, on control, on the connection of the laboratory with the works. There is no relation between the methods adopted and the success achieved. But all directors agree on men. Organization, system, planning, teamwork are not substitutes for creative imagination, experimental skill, knowledge, or resourcefulness in overcoming obstacles. So in the last analysis it is men that count—men trained in the way of science, men touched with something that occasionally resembles genius. "Next to having no research department at all," says Dr. Frank B. Jewett of the Bell Telephone Laboratories, "I can think of but one greater evil—namely, that of having a research department staffed by second-rate and essentially incompetent men."

No laboratory director can guarantee results. Research at best is a gamble, with the odds in favor of success if the right men have been selected. And because it is a gamble it is hard to decide whether it is wise to continue along a path that seems to lead nowhere or to stop dead and try another. Luckily, hope springs eternal in the breast of every researcher, and it is his gambler's hope, his confidence in himself or the expectations that he has aroused that urge him on. It took fifteen years in time and millions in money to achieve synthetic indigo. Vast sums have already been spent on the mercury turbine, not yet generally introduced; on television, still far from commercial success; on transatlantic telephoning; on nearly every advance that has caused an upheaval in industry or changed our mode of living.

Millions! Is industrial research, then, merely for the powerful corporations with almost unlimited resources? Is the small manufacturer bound to be crushed in a fierce competition which was once limited to selling but now includes scientific discovery?

Research need not be conducted on an epic scale to bring rich manufacturing returns. Chemists and engineers who have their own laboratories can be hired like lawyers. One office building in New York is entirely given over to practitioners of industrial research retained by small manufacturers who know that as little as $2,000 a year spent now may net tens of thousands five years hence.

The small manufacturer may also resort to one of several universities, which, following the example of the Mellon Institute of Pittsburgh, have established departments of industrial research. In the last quarter of a century that eminently successful institute has served 3,600 companies, created ten new industries and enabled many old companies to branch out in new directions.

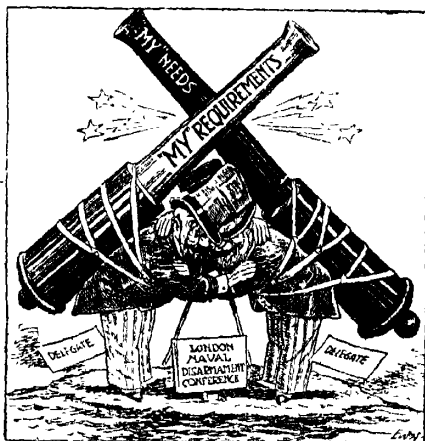
When the demands on research become too burdensome the small manufacturer by the mere act of joining a trade association may enjoy the profits of science. Canners, paint makers, laundrymen, cement manufacturers have thus combined forces and established association research laboratories in which some fine bacteriological and chemical studies have been made. Cooperative research has made preserved foods, bread, paint and dozens of luxuries and necessities better and cheaper. The discoveries become the common property of the contributory members; for it is better to find out from an association laboratory why your can of tomatoes bulges on a grocer's shelf, why your bottled water becomes cloudy and unpalatable, than to go to the wall because your goods are unsalable and your reputation is lost.

About ninety trade associations are thus actively engaged in cooperative industrial research. Their total expenditure in normal times must amount to at least $25,000,000 annually, so far as one may judge from reports made to the National Research Council's Division of Engineering and Industrial Research.

But whether research is conducted on a large or small scale it demands faith, hope and courage. A manufacturer may think himself a fool for spending thousands every year on a new plastic compound with no apparent success, but may prove to be worse than that if he stops. Advice is useless. In the opinion of Dr. C. E. Kenneth Mees of the Kodal Laboratories, the chemist or physicist who is actually conducting research is the most competent to decide whether the work shall go on or whether it shall stop. The director's own opinion is not likely to be more than 50 per cent correct. But above all things, warns the iconoclastic Dr. Mees, beware of a committee. "That is wrong most of the time." Worst of all advisers is the committee of company vice presidents, "which is wrong all the time." If the head of the firm is driven to distraction by his own doubts and hopes let him toss a coin. Best of all is the kind of faith that builds a business in the first place—but it must be faith in science.

Current History in Cartoons

John Bull (to Egypt)—"Do keep still! I must prepare sanctions against those who oppress my poor Ethiopia!"

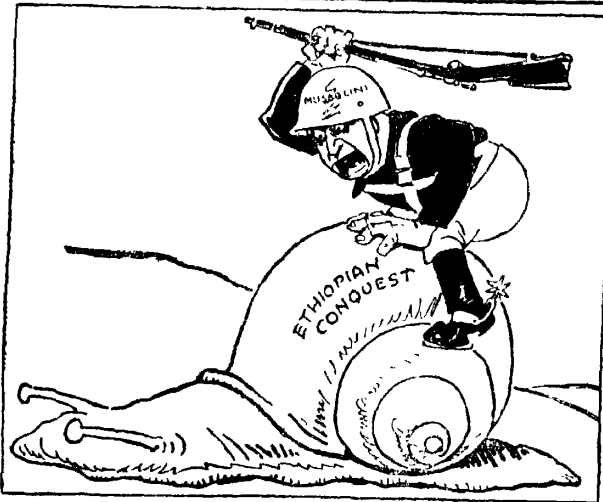
—*Guerin Meschino*, Milan

When the Big Guns get together

—*Columbus Dispatch*

"Bime by he lose himself in the covers"

—*News and Observer*, Raleigh

"What a fine skater you are!"
—*Detroit News*

M. Laval and the Geneva Dove—"I love you - a little —a lot"
— *Humanite*, Paris

On to victory
Salt Lake Tribune

The first obstacle
—*Dallas Morning News*

A hard spot for the righteous
—*Chattanooga Times*

The Sanctionist—"What a clever idea!"
—*Il 420*, Florence

The rough rider
—*Washington Post*

Missionaries to the heathen
—*Springfield Republican*

The battle of the century
—*Knickerbocker Press,* Albany

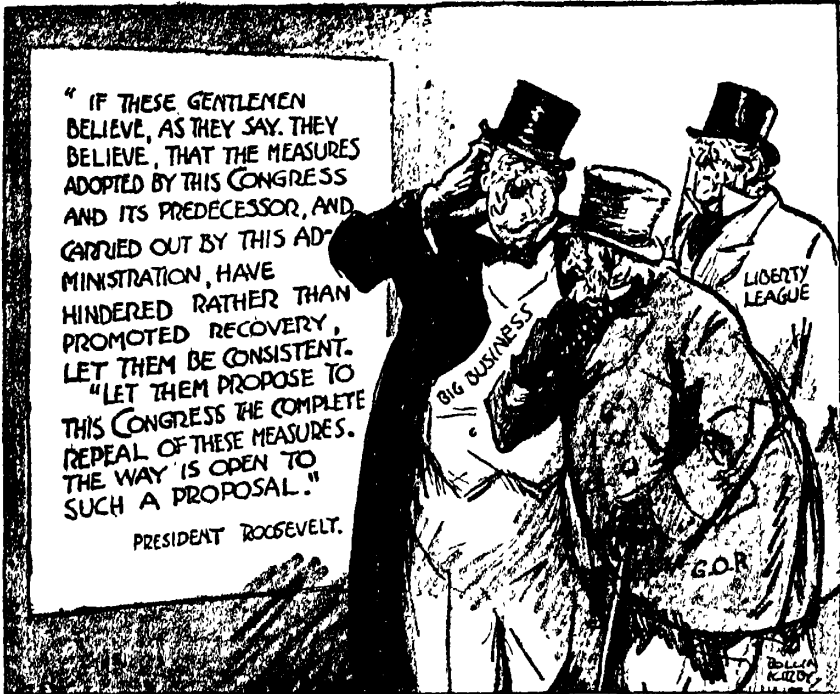
Now he's ready to quit
— *Courier-Journal,* Louisville

The witches' brew
—*Philadelphia Inquirer*

A job for both of them
—Rochester Times-Union

In the shadow of the capitol
—The Sun, Baltimore

Hitching up the team
—St. Louis Globe-Democrat

Look out!
—Richmond Times-Dispatch

"Er——well- —ah——ummmm"
—*New York World-Telegram*

They're on their way
—*Newark Evening News*

"I guess there wasn't any depression at all!"
—*St Louis Post-Dispatch*

A Month's World History

Chronology of Current Events

(Figures indicate page numbers)

International Events

Dec. 5—Secretary Hull warns Japan to respect treaty rights in China.
Dec. 9—Naval conference opens in London (507).
Dec. 10—African peace plan accepted by British Cabinet (502).
Dec. 12—Japanese naval plan rejected at London (508).
Dec. 13—Text of peace plan published at Geneva (503).
Jan. 1—Ethiopia protests to League on hospital bombing.

The United States

Dec. 18—Trade treaty with Honduras ratified
Jan. 1—NRA liquidated (514).
Jan 3—Congress convenes. President delivers annual message in radio broadcast (515).
Jan. 6—Supreme Court holds AAA unconstitutional (516).
Jan 7—Munitions inquiry resumes (519)

Latin America

Dec. 10—President Mendieta of Cuba resigns (526).
Dec. 13—Calles returns to Mexico (526).
Dec. 17—General Gomez, dictator of Venezuela, dies (524).
Dec. 27—Uruguay breaks relations with Soviet Russia (527).
Dec. 31—Lopez elected President of Venezuela (524).
Dec. 31—Silver talks open between Mexico and the United States.

The British Empire

Dec. 5—Labor Cabinet announced in New Zealand (531).
Dec. 12—Dail passes death sentence on Irish Free State Senate (530).
Dec. 18—Sir Samuel Hoare resigns as British Foreign Minister (528).
Dec. 19—Stanley Baldwin upheld in House of Commons (529).
Dec. 22—Anthony Eden made British Foreign Secretary (528).

France

Dec. 18—Edouard Herriot resigns as leader of Radical Socialist party (533).
Dec. 28—French Chamber upholds Laval on foreign policy (534).
Dec. 28—Parliament passes law against Fascist league (533).
Jan. 1—French budget passed (532).

Teutonic Countries

Dec. 11—Prince Starhemberg bids Austria take lead of Germanic peoples (538).
Dec. 12—Albert Meyer elected President of Switzerland (539).
Dec. 22—Netherland-American trade treaty published (539).
Dec. 30—James G. McDonald resigns as League High Commissioner for Refugees (536).
Jan. 9—Swiss-American trade treaty signed (539).

Spain and Italy

Dec. 9—Spanish Cabinet resigns (540).
Dec. 14—Portela forms Spanish Cabinet (540).
Dec. 18—Italy celebrates anti-sanctionist "Day of Faith" (510).
Dec. 30—Italian 1936-37 budget announced (510).
Dec. 30—Spanish Cabinet reorganized (540).
Jan 8—Spanish Cortes dissolved (540).

Eastern Europe

Dec. 14—President Masaryk of Czechoslovakia resigns (542).
Dec 17—Greek Parliament dissolved (543).
Dec. 18—Benes elected President of Czechoslovakia (542).
Jan 3—Amnesty in Poland frees 27,000 prisoners.

Northern Europe

Dec. 8—Fascist plot crushed in Estonia (545).
Dec. 9—Baltic Entente meets in Riga (546).
Dec. 30—Britain intervenes in German-Lithuanian dispute (545).

The Near East

Dec. 12—Egypt restores 1923 Constitution (551).
Dec. 21—Turkish Government proposes stronger air force (552).
Dec. 22—Legislative Council for Palestine announced (550).
Dec. 26—World Zionist Organization opposes Palestine Council (551).

The Far East

Dec. 12—Hopei-Chahar Political Council set up (553).
Dec. 13—Japanese troops occupy Kalgan (554).
Dec. 26—Japanese Diet opens.
Dec. 27—Viscount Saito made Keeper of Privy Seal (556).

The Hoare-Laval Mystery

By ALLAN NEVINS

THERE are certain events of history that, like the iceberg, are one-sixth exposed to daylight and public scrutiny, and five-sixths secret and submerged. The ill-famed and ill-fated Laval-Hoare peace plan belongs to that exasperating category of transactions that must remain half-explained for years to come. What happened is plain enough; why it happened is a mystery we shall resolve only when archives are unlocked, when Pierre Laval, Stanley Baldwin and Sir Samuel Hoare write their memoirs, when we know whether Mussolini really meant war if oil sanctions were applied, and whether the Italian King really appealed to George V through the King of the Belgians.

Meanwhile, the Dead Sea fruits of the plan are plainly in view. The plan is buried, but its evil lives after it. Among believers in the League it has raised fears of betrayal. Among disbelievers it has confirmed the cynical view that the League is merely an agency of *Realpolitik*. It has made British policy seem weak, and M. Laval seem more two-faced than ever. Despite the popular revolt that slew the plan, despite Anthony Eden's elevation to power and the increased strength of the French Left, distrust of Anglo-French purposes will persist, unless and until more vigorous League steps dispel them.

Circumstances made it imperative that Great Britain and France pursue a dual policy—that they try to conciliate Mussolini at the same time that by League sanctions they applied a stern pressure upon him. (See January CURRENT HISTORY, pages 390-395.) What was expected was a compromise, not a surrender. Hoare assured the League Coördinating Committee on Nov. 2 that there was nothing "sinister" about his and Laval's explorations; that there was "nothing further from our minds" than an agreement dishonorable to the League or Ethiopia. The League heard with approval that two experts were at work upon a plan. The generous offer of the Committee of Five to Italy in September might easily be improved upon if Great Britain, France and Belgium, who practically control tropical Africa, made a few territorial concessions of their own. But on Dec. 9 came news that amazed public opinion throughout the world.

This news was a detailed and apparently authentic description, first published by "Pertinax" in Paris, of peace terms which Laval and Hoare had agreed to recommend to the League, to Italy and to Ethiopia. They went so far beyond the limits that Great Britain had previously been ready to accept as to appear incredible. But it quickly appeared that they were true. On Dec. 10 the Baldwin Ministry was questioned in the House of Commons. Its responses showed that the French reports, while erroneous in some details, were substantially correct.

The Cabinet was obviously embarrassed. Its spokesmen were evasive. Two Cabinet meetings were summoned in close succession. Meanwhile, evidence appeared of a sharp schism in

the government. Anthony Eden was reported on the verge of resigning, with other Ministers standing by him. In France, M. Laval was losing the support of the Radical group and in danger of overthrow.

The proposed terms, as published in full on Dec. 13, were truly amazing. If accepted, they would have transferred to Italian control fully three-sevenths of Ethiopia. The plan embraced the outright cession to Italy of the Danakil and the eastern Tigré country in northeastern Ethiopia (including Adowa but not Aksum), and of the Ogaden in the southeast. This in itself would not be unreasonable. The Danakil and Ogaden are desert areas, almost worthless to any nation. Their boundaries have never been properly demarcated; and Italy had fairly conquered them.

The plan, however, went on to offer Italy the entire highland region of Southern Ethiopia. This territory, covering the whole country south of Latitude 8 and westward to Longitude 36, was to remain under Ethiopian sovereignty—but only nominally. Actual administration was to be vested in a chartered company or "any like organization." This organization was to enjoy exclusive economic rights, including ownership of unoccupied land, a monopoly of mines and forests and the power to fill the country with Italian colonists. The nominal Ethiopian administration was to be exercised only through the services of a scheme of assistance drawn up by the League, in which Italy would take a "preponderating" share.

This meant that in a great diversified area 600 miles wide and in places 250 miles deep—virtually none of it yet conquered—Italy would exercise as complete a control as the French in Morocco or the British in Bengal. Even under the old rule of force the military situation would have justified no such terms. The principle of *uti possidetis,* applied today, would give Italy no part of this region except a tiny district north of Dolo.

As compensation, Ethiopia was to receive only a narrow outlet to the sea, consisting preferably of the port of Assab and a connecting strip through Eritrea. This was to be hers in full sovereignty—but, it soon appeared, with a string attached. A Red Sea port with a right to build a railway of her own would be invaluable to Ethiopia. It would relieve the country of its present dependence upon a French railroad and port, assist in economic development and facilitate cultural progress.

But the London *Times* at once published a statement, which has not been explicitly contradicted, that the Ethiopians were to be forbidden to build a railroad to their port. Apparently M. Laval had seen to that. At a convenient moment the Emperor would be informed that the corridor could be used only for camels and that he must continue to employ the French line (in which Italy now has a large share) to Jibuti. In short, the scheme of spoliation lacked even the slight balancing factor it had at first seemed to possess.

The storm of indignation that swept across half the world when the text of the Hoare-Laval scheme was published was one of the most dramatic occurrences of 1935. From the British people, from the Dominions, from the Netherlands, Scandinavia and the Little Entente came protest and denunciation. The French Left exhibited the same resentment as British Labor. Since M. Laval has been consistent in duplicity from the first, he could face the storm with a measure of equanimity.

The prestige of the British Govern-

ment fell with a precipitancy unprecedented in post-war history. Upon Sir Samuel Hoare, whose September speech at Geneva had been praised as the finest by any Foreign Secretary since the days of Sir Edward Grey, the attacks were concentrated. If this was not treachery to the League, it was a lamentable display of indecision and timidity; if it was not a crime, it was worse—it was a blunder. The Ministry which had just emerged triumphant from a general election was shaken to its center. Probably never in British history has a newly returned Prime Minister been so near falling.

For a few days observers were busy trying to invent reasons for the sudden British reversal. Was it cynicism? Or cowardice? Or blundering? Was it Mussolini or Hitler or Japan or a combination of them all? The most obvious hypothesis was that the Italian threat of a general European war had suddenly intimidated Hoare.

Mussolini is quite capable of running amuck. Not once but twice last Autumn, if plausible reports are true, the British Government was prepared for momentary news that he had attacked Malta and the Mediterranean fleet. Each time he had drawn back. But effective oil sanctions so obviously meant the end of his Ethiopian adventure (which is to say the end of his régime) that he might have been ready for the suicidal step. True to his gangster bent and his total disregard for European civilization, Mussolini would prefer to go down amid general ruin.

Another answer to the riddle was hazarded by those who keep their eyes, like Laval, upon Berlin. Italian defeat and collapse are increasingly viewed by the French Right as an imminent danger. The Italian Army has thus far been completely checkmated by the Ethiopians. Even the mild sanctions now in force are producing serious unemployment, hardship and discontent, while Italy's financial position has become so bad that it is kept shrouded in secrecy. In short, already Italy shows signs of disappearing as an effective power from the Continental scene. German authority is growing apace in Hungary and the Balkans while Mussolini's declines. Since France regards the Italian military alliance as indispensable to her own safety, rather than sacrifice that, M. Laval would prefer to imperil the League.

Dispatches by Frederick T. Birchall significantly bearing upon this matter were published in *The New York Times* of Dec. 26-27. He described an interview between Hitler and the British Ambassador on Dec. 13, in which the Reichsfuehrer angrily rejected a suggestion that he sign a general treaty for the limitation of aerial armaments, and made it clear that Germany would build to the limit of her capacity. According to Mr. Birchall's so far unconfirmed story, the tension that led to this interview led also to the Hoare-Laval plan.

None of these explanations really explained. If Sir Samuel Hoare feared that oil sanctions would plunge Europe into a general war, why did he not postpone oil sanctions rather than surrender to Italy? Postponement would have been easy, for France had always viewed drastic sanctions with distaste. The chances, however, were that Mussolini was only bluffing. And Hoare must have known that to flinch in the face of a bluff of this kind would be the worst possible policy for Great Britain, quite apart from the League. It would simply encourage Mussolini's aggressive instincts, and make further demands and renewed threats against the British Empire ul-

timately inevitable. If Hoare felt that Great Britain was not being adequately supported by other League members, then his duty was to go to Geneva and demand such support.

As for the hypothesis based on the German menace, it is equally flimsy. To begin with, this is not an immediate menace. German rearmament will not permit aggressive action for perhaps two years. Great Britain has never taken the menace as seriously as France has and had no reason for hasty and panicky steps. Above all, the British view throughout has been that the present crisis offers an acid test of the collective system; that Berlin and Tokyo are watching the test intently; and that the surest way to discourage Hitler is to vindicate the system. If Mussolini could prove that aggression pays, Hitler would all the more promptly follow his example. This is a sound view, and Hoare had always acted as if convinced of it. Altogether, some additional explanation is required.

It is certain that the speeches made by Prime Minister Baldwin and Sir Samuel Hoare in the House of Commons on Dec. 19 failed to furnish it, that they left a great part of the iceberg still concealed. Hoare spoke with unexpected spirit, making a vigorous impression—and he had resigned the day before. Baldwin spoke feebly, frankly confessing error and confusion—and he stayed in office.

The gist of Hoare's explanation was that he had long been "obsessed" by the dangers of a protracted conflict in Africa. If the war were not checked, Ethiopia (and with it the principle of collective security) would be wiped out. If the war were checked too rudely and Mussolini flew at Britain's throat, then not only might much blood be shed before Italy was defeated, but again the League would be gravely weakened. He did not feel justified in asking postponement of the oil embargo unless he could report to the League that negotiations with Italy had actually begun. He knew that no other nation had moved a ship, a machine or a man in anticipation of the result of an embargo; and hence he agreed to the terms.

Finally, Hoare defended the plan itself. It differed, he said, in degree but not at all in principle from those drafted by the Committee of Five before war began. He did not like many features of it, but, "it was certainly the minimum basis upon which the French Government were prepared to proceed. * * * I am horrified at the thought that we might go on encouraging Abyssinia in what may be a hopeless resistance against a great modern power, and find at the end that the terms she has to accept are infinitely worse than might have been obtained by negotiation at an earlier date." This was unconvincing, but it was sincere.

Mr. Baldwin's speech left an impression of shuffling evasion. He said that Sir Samuel Hoare had been exhausted and half ill when he conferred with Laval. He spoke of the "absence of liaison" during the conference. He referred caustically to the French leak, implying that it forced the hand of the British Cabinet. But obviously the root of the trouble lies deeper. The Ministry should have had, as a Ministry, some plan, some agreement, as to the proper limits of concession to Italy before it sent Hoare to Paris. It is incredible that it would let a Foreign Secretary go off for a week-end and invent a plan, or help invent one, wholly on his own initiative. And even if it did let Hoare do this, what of the Ministry's duty when he reported the plan on Monday morning?

"Pertinax's" story perhaps made it

necessary to accept the plan or repudiate Hoare. But if so, both wisdom and duty clearly counseled repudiation. The Cabinet had ample opportunity to consider its course. Baldwin's word was decisive. He accepted the plan. Not only this, but he undoubtedly approved the dispatches to Ethiopia urging Haile Selassie to agree to it; for though signed by Hoare (then at Geneva), they were sent from London. For Baldwin to hide behind Hoare, for the whole Cabinet to throw the blame upon one man, was disingenuous, to say the least.

It is not improbable that the true and final explanation will involve two men, Stanley Baldwin and Sir Robert Vansittart, Permanent Under-Secretary in the British Foreign Office, far more than Hoare. Mr. Baldwin was long the Cabinet colleague of Sir John Simon. Sir Robert Vansittart was long Simon's faithful servant.

We all know what the Foreign Office was under Simon. It was he who refused to let the League act with vigor and energy against Japan in 1931-32. It was he who saw to it that South Africa was denied a place on the League Council, simply because Jan Smuts wished a stern policy against Japan. He was in power when Laval made his unhappy bargain with Mussolini in December, 1934; when Britain failed, at the Stresa conference and elsewhere, to serve stern warning upon Mussolini; when the League adopted the arms embargo against Italy and Ethiopia, gravely crippling the latter, and the latter alone. There is a strong continuing tradition in the British Foreign Office.

Sir Robert Vansittart went with the tired Hoare to Paris, and approved the plan. Evidently a recrudescence of the old Simon policy, of the imperialistic tendencies of the treaties of 1906 and 1925 regarding Ethiopia, suddenly appeared in London. Weakened by such forces in his rear, browbeaten by Laval, genuinely fearing a European war, Hoare gave way—and Baldwin did the rest.

But whatever the full explanation—and King George is credited with a hand in the matter, while Far Eastern troubles may have carried weight—the lesson of the affair is plain. Efforts at conciliation and compromise need not end. But compromise at the expense of Ethiopia alone would be immoral and ruinous to the League. The whole crisis is one of the results of the Treaty of Versailles. Had that treaty been wise and moderate, no Hitler would have arisen in Germany, and Mussolini's Ethiopian adventure would never have been born. The fundamental excuse for his adventure is the selfishness with which Great Britain, France and Belgium seized all the German colonies in Africa. When they show readiness to disgorge part of these ill-gotten gains for the benefit of both Italy and Germany, peace in Ethiopia will be in sight and Hitlerism may lose much of its force.

Experts in League nations, with American writers as well, have fully exposed the hollowness of the Italian demand for Ethiopia on economic grounds. But it must be remembered that these arguments have two edges. If Italy has no economic justification for conquests in tropical Africa, Britain, France and Belgium have no economic excuse for maintaining a monopoly of that area. Italy does not need a colony for the sake of raw materials—such materials, glutting the world's markets, are now free to all. She does not need it as an outlet for surplus population—such population will not flow to Africa, and can best be cared for by industrial development and more intensive agriculture at home. She can gain little from it as

a market for her manufactures—backward native countries are poor markets, and Ethiopia's whole trade has been only about $12,500,000 a year. But by the same arguments, France and Britain do not need the enormous areas they now hold.

If Italy and Germany demand colonies merely for prestige, that is within limits a good reason, and their aspirations should be met. Sir Samuel Hoare seemed to contemplate steps in that direction, and Mr. Eden might well carry the idea further.

Whether embargoes upon oil, steel and coal will be added to those now in force was not to be decided until the regular meeting of the League Council on Jan. 20, if then. Early opinion was that the Hoare-Laval fiasco had killed the chance for them. But subsequent developments rendered this less certain. Anthony Eden's appointment as Foreign Minister on Dec. 22 brought a man of quiet determination into power. Instead of talking of oil sanctions and then running away from them, he and Laval—whose escape from defeat by a majority of 20 on Dec. 28 was achieved only after fervent pledges of loyalty to the League—may keep silent about sanctions and then adopt them. President Roosevelt's address to Congress on Jan. 3 gave partial encouragement to such action by recommending steps to keep exports of all war materials at a strict peacetime level.

Between Dec. 16 and Christmas Day the British Government sought explicit pledges of aid from League nations on the Mediterranean in the event of Italian attack, and received them from Turkey, Greece, Yugoslavia and Rumania. On Jan. 9 the British Government announced "routine" measures which would strengthen the British Mediterranean fleet at the time of the council's meeting, and the French Government announced "routine" manoeuvres which would place a powerful French fleet near Gibraltar at the same time.

It is safe to say that Mussolini now regrets having impulsively embarked on his Ethiopian "adventure." From his point of view, the Hoare-Laval episode offers no comfort. If it momentarily weakened the League, it may in the long run strengthen it. Mussolini signally failed to seize his opportunity to accept the plan before it was withdrawn. Instead, he made an arrogant and abusive speech at Pontinia on Dec. 18, accusing the League of "conservatism, selfishness and hypocrisy." By this intransigent speech he stiffened British and French sentiment against him, and left M. Laval with little excuse to play a double game.

The Baldwin and Laval governments may not have much faith in the League, but since Dec. 13 they know, and Mussolini knows, and the whole world knows, that a great majority of the British people, a powerful minority of the French and virtually all the people of the smaller European nations believe in it and are determined to see it triumphant or know the reason why. If the two governments now act vigorously, the League will emerge stronger than ever.

THE NAVAL CONFERENCE

Amid general gloom the Naval Conference formally opened in London on Dec. 9, and amid still greater gloom adjourned for the holidays a fortnight later. The work of these two weeks was merely exploratory, and the explorations did not get far.

The Japanese demand for parity was translated at the outset into a neat euphemism; it is now a demand for "a common upper limit." This, of course, does not make it less disquieting. The

present 5:5:3 ratio leaves Japan in a position of perfect security against attack—and something more. At the moment she holds the whip hand in Far Eastern waters. She could defy the assaults of the combined British and American navies there, and could doubtless take possession of the Philippines, or Hongkong, or even both, with little risk. If she actually achieved parity—which would obviously involve meeting severe financial tests—she would be strong enough to consider an offensive movement against French Indo-China or the Netherland Indies or Australia.

It is not strange that the Japanese demand impresses the United States and Great Britain as unreasonable. At first Tokyo did not make it clear whether it expected France and Italy still to be bound by the Washington ratios, or to be free to build to the "common upper limit." Later explanations that they were to be free did not lessen British and American dislike of the Japanese plan.

The British proposal, also advanced early in the conference, was for placing voluntary limits upon new construction for at least a short interval. Stated precisely, it was for "reduction of naval armaments by means of unilateral and voluntary declarations of future naval construction for a period of years." Earnest objections came from the Japanese, who feared (despite Viscount Monsell's assertions to the contrary) that the British plan would perpetuate existing ratios.

The Japanese objected also to a proposal that the French delegates outlined informally when the conference resumed work on Jan. 6. The French plan was to bind all signatories either to announce their building programs annually, or to notify a special bureau of the League every time a keel was laid down. But again the Japanese delegates objected that this would not guarantee a "common upper limit." Indeed, it appeared early in January that Tokyo would refuse to discuss any plan whatever until this principle had been conceded.

Great Britain and Japan have one point of agreement, and only one. Each desires to see the tonnage of warships and the calibre of their guns drastically limited. But their reasons are very different. Having numerous fueling stations, many shipping routes, a scattered empire and a huge merchant marine to protect, Great Britain would prefer to invest her money in a large fleet of cruisers. Japan, as the poorest of the naval powers except Italy, wishes a mathematical parity at the lowest possible price.

The United States, having very different needs, is of course against severe limitations upon ship-tonnage. It may be taken as certain that Washington will never consent to Japanese parity, and if necessary will prevent it by building enough warships of powerful and expensive types. That is, if a naval race takes place our government will give Japan the simple choice of staying behind or bankrupting herself. As this is written, a race seems almost unescapable. The official view in Tokyo on Jan. 10 was said to be that the only question was which power would take the blame for breaking up the conference.

But there are important issues other than ships to be discussed. One is the question of naval bases. When the Washington treaty lapses at the end of 1936, the agreement of the United States and Great Britain not to build bases near Japan lapses also. It is not too much to say that this agreement was signed upon a tacit understanding that Japan would not

take improper advantage of her strong position in the Far East. As she has since taken very improper advantage of it indeed, Washington and London may now view the question of bases with changed eyes.

With bases is bound up the question of air armaments. Already the United States has established an air connection with the Orient. Our air strength in that part of the globe, our ability to base air squadrons upon the Aleutian Islands, may grow. Already Russia has a tremendous air fleet in the Far East.

Taking all factors into consideration, the Japanese would seem to have more reason to bargain over parity than to insist upon it with blind stubbornness.

Italy Defies Sanctions

By WILLIAM E. LINGELBACH

DECEMBER, 1935, brought to a close a momentous year in the history of the Italian people. Mussolini had launched out on a bold and dangerous colonial venture in East Africa, not merely, according to Giuseppe Bottai, high authority in Fascist councils and one-time Minister of Corporations, to conquer Ethiopia, but to "redeem the Mediterranean." The consequences were a costly and difficult war and an economic boycott by most of the nations upon whom Italy had depended for raw products, foodstuffs and those manufactured articles which she did not make herself. The disturbance in the national economy and the strain on the meager resources of the nation were unprecedented. Never before in peacetime had a people been called on to resist such formidable moral and economic pressure.

The response during December was in every way commensurate with the seriousness of the situation. As in previous months, the Fascist press backed Mussolini's defiant policy to the limit. "Buy only Italian products" became a popular motto. One newspaper syndicate announced that it would refuse all articles from authors of sanctionist countries, and an organization of private schools barred all textbooks published in sanctionist nations and instructed its staff to carry on an active propaganda among the pupils. While the attitude toward France remained not only conciliatory but actually friendly, attacks upon Great Britain continued with such violence that the government was in danger of being driven into a European war by the force of public opinion.

The danger was the more serious because sanctions were operating to drive the people to desperation. Economic strangulation may not be war, but its effect upon the Italian masses was quite as far-reaching. Prices rose slowly but steadily during December despite rigorous supervision; difficult and disagreeable adjustments in lifelong habits became necessary as the pinch of sanctions made itself felt. A commission of doctors and dietitians, cooperating with the secretary of the Fascist party, issued a pamphlet of instructions on food values, with special reference to the most effective use of available supplies. Fish and

cheese were urged as substitutes for meat, the consumption of which had in November been restricted to two days a week. Farmers were encouraged to cultivate, instead of luxury products, substantial crops like wheat, potatoes and beans.

The wheat supply, thanks to a bountiful harvest and the long struggle of the "battle of the wheat," was adequate, with the harvest of 1935 exceeding that of 1934 by 21 per cent. The total area sown to wheat had been increased since 1929 by nearly 400,000 acres, and 150,000 were added during 1935 in land reclaimed for the new town of Pontinia, about forty-five miles from Rome. Pontinia, officially opened on Dec. 22, is the third of five towns being built in an area that had become, after serving in ancient times as a great granary for Rome, depopulated and malaria-infested.

The end of the first month of the "economic siege" was proclaimed by the government as a "Day of Faith." On Dec. 18 Queen Elena, in the presence of an enormous Roman crowd assembled in the Piazza Venezia and adjoining streets, sorrowfully ascended the steps of the tomb of the Unknown Soldier and deposited her own and the King's wedding rings to be melted down for the nation. In their stead, two iron rings blessed by the military archbishop were handed to the Queen by the widow of General Turba, one of Italy's World War heroes. The Queen then made a short radio address invoking victory for the young sons of Italy who were fighting "for the triumph for Roman civilization in Africa." As she raised her arm in the Fascist salute in referring to the men who died in the World War, the huge throng spontaneously took up the salute. Later, thousands of other women offered their rings.

On its part the government left no stone unturned to make the country self-sufficient, but the possibilities were not encouraging. Experiments in raising cotton in Southern Italy were said to hold out some promise of success. A Metallic Minerals Board was set up to investigate and, in conjunction with the superior Mines Council, to exploit all possible deposits of metal in the peninsula. The powers of the Cotton Institute were greatly extended: All purchases of cotton in bulk and subsequent distribution were placed under its control. A Liquid Fuel office was created. All plants producing gas from coal or distilling coal tar were ordered to turn out a specified minimum of light combustible oil from each ton of coal distilled. The threat of an oil embargo grew less ominous as Italy took advantage of the League's delay to increase her foreign purchases.

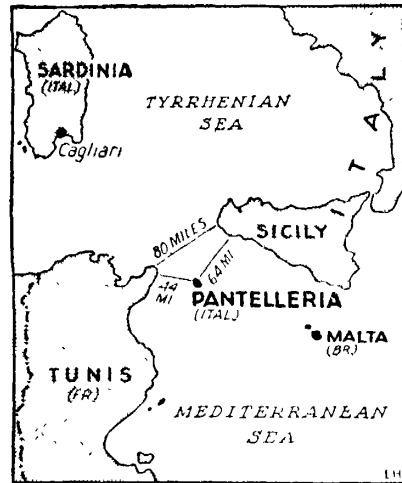
While commerce suffered severely and markets were practically restricted to domestic trade, some industries, especially the metallurgical, continued to flourish under the impetus of wartime demands. On the other hand, industries dependent on imports for their raw products, or those engaged in manufacture for export (such as rayon), had to close down or change over into other lines. Unemployment would have become serious were not 1,000,000 men under arms.

At a Cabinet meeting on Dec. 30 Mussolini informed the members that serious difficulties stood in the way of forcing the issue in Ethiopia against an enemy that dodged battle, that progress was necessarily slow and that the war would extend into another year. The budget for 1936-37, effective on July 1, was submitted and adopted; since the expenses of the campaign in East Africa were not included, it presented a slight surplus.

Expenditures were estimated to be larger than those of 1935-36, but correspondingly larger revenues were foreseen. It was also revealed that last year ended with a deficit of a little over 2,000,000,000 lire, 970,000,000 being charged to the African campaign. (The lira is currently about 8 cents.)

The utmost secrecy, however, was maintained as to the general state of Italian finances. A royal decree of Dec. 4 continued the order suspending the publication of all Treasury figures, statistics on the public debt and statements of the Bank of Italy. Since the abandonment of the gold coverage provision in July, 1935, the ratio was known to have fallen by October to a little below 28 per cent. Since then the drain on the reserve had been heavy, though the wedding rings were believed to have brought in over 1,000,000,000 lire. Should the war continue, an increase in the tax burden, already too heavy, was indicated, unless foreign loans became possible. In view of the financial stringency, it was noteworthy that the Italian Chamber had approved a credit of 60,000,000 lire for the economic development of Albania.

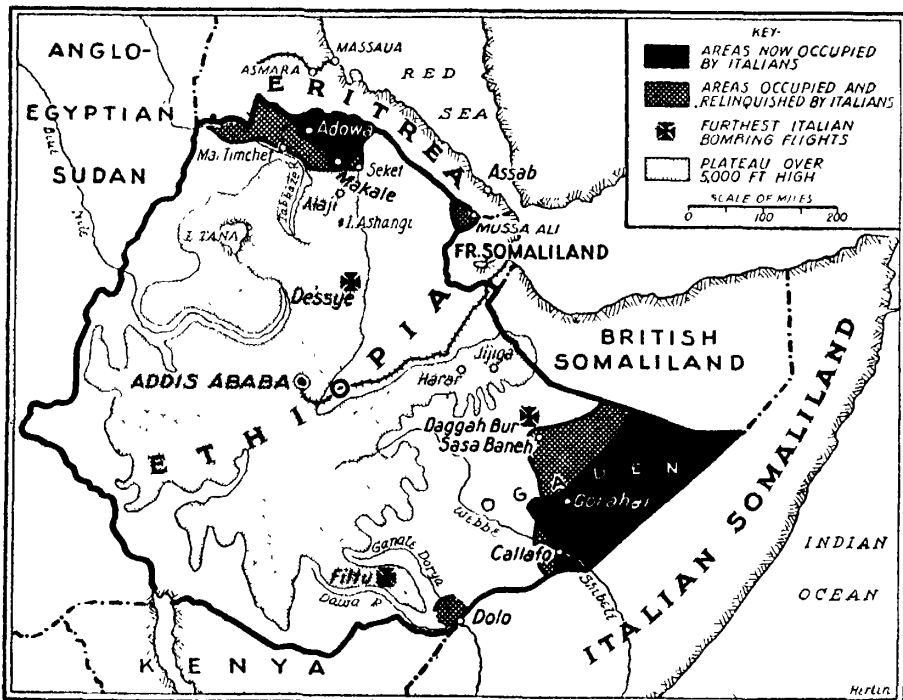
Italy's Naval Strength in the Mediterranean

The accompanying map, showing the little Italian island of Pantelleria in the Mediterranean, illustrates a point of interest in the event of naval conflict between Great Britain and Italy. "This area, Sicily-Pantelleria-Libya," an American authority on naval strategy writes to the editor, "would be the strongest Italian position and the most difficult for the British fleet to pass. In fact, it could not be passed except at great risk by armored ships, and it would be absolutely denied to merchant ships. The so-called 'lifeline' is a myth so far as the Mediterranean is concerned. Not since 1912 has Britain dominated the Mediterranean. In that year she had to turn over the Mediterranean to the French Navy in order to concentrate her forces in the North Sea. Since the World War she has increased her fleet in the Mediterranean, but the position of both France and Italy is so strong that the control of the Mediterranean would always be in dispute. With the help of France Great Britain could probably control the Mediterranean, but at a certain definite risk; without France Great Britain could not penetrate beyond the lines indicated (on this map) without incurring large losses that she cannot afford. For many years British strategists have recognized the fact that in a war they would have to get to India by way of the Cape of Good Hope. This is a difficult, but not impossible, problem in their communications. Therefore the talk of the Mediterranean being essential to their communications with India is plainly a smoke screen. It is difficult to understand the attitude of Great Britain in making such a fuss about Ethiopia. The only reason that suggests itself is a fear of the effect of Italy's presence on Egypt and the Sudan."

Italian Army Troubles in Ethiopia

ITALY'S ambitious career of conquest in East Africa is not going very well. There has been no advance worth mentioning on any front since Nov. 10, while the Tembien district in the north has been relinquished under Ethiopian pressure.

Premier Mussolini attempted to explain the inactivity of his legions to the Council of State on Dec. 30. Pauses were absolutely necessary in colonial warfare, he said, in order to consolidate gains and prepare for new advances. This sounds reasonable, but it is scarcely the whole truth in view of the duration of the pause, which passed its ninth week on Jan. 12. Other factors have helped to obstruct the offensive.

In the north the Italian lines became over-extended. A force of perhaps 100,000 men was attempting to hold a 300-mile front on one of the most difficult terrains on earth. It could be done as long as there was no opposition, but in mid-December the northern rases took the initiative. Strong bands of well-armed and shrewdly-fed Ethiopians began to attack outposts and camps and to filter through the thinly held line to destroy supply trains. The "little rains" of Winter came prematurely to wash out newly built mountain roads and make the supply problem desperate.

It became imperative to shorten the Italian lines and, by Jan. 10, Marshal Badoglio held little more than North-

The status of the Italian invasion of Ethiopia on Jan 10

ern Tigré Province and a communication jetty to Makale, which was threatened on three sides. The hasty dispatch of a division of Alpini from Italy lends credit to reports that the Black Shirt Militia from the Italian plains are none too effective in Northern Ethiopia, where the altitude frequently reaches over 10,000 feet.

On the Somaliland front there is less mystery than there was a month ago. General Graziani's great push on Jijiga and Harar has been held up not only by rains and the skillful guerrilla tactics of his opponents but also by the lack of sufficient forces for such an undertaking. Until recently he had but two Italian divisions.

The Italian bombers have been active but have done little damage. The Ethiopians have learned to disperse when the big Capronis come in sight and have lost most of their fear of planes and tanks. And everywhere the Italians are finding the tribesmen better armed than they expected.

Marshal Badoglio is known to be busily engaged in improving his supply arrangements and in reorganizing the Black Shirt divisions, which are to have regular officers to increase their effectiveness. A stream of new troops is on the way from Italy and several divisions are being transferred from Tigré to Somaliland. All these things mean delay just when the season of the "great rains," which make offensive operations impossible, grows ever nearer. R. L. B.

Challenge to the New Deal

By CHARLES A. BEARD

THROUGH December and into January the drive of business and industrial leaders against the New Deal gathered momentum. A continued rise of production and profits confirmed their conviction that they had weathered the storm and could defy the Roosevelt administration. To be sure, there were clouds on the horizon. At least 10,000,000 people were still unemployed. During the past year eight important railway lines had gone into default, with assets of $2,700,000,000, and heroic efforts had not brought a single railway out of ruin through reorganization. But the upward swing of other industries was so steady and strong that confidence was not shaken by distress in transportation.

To economic assurance was added political faith. Historically, industrial leadership had been associated mainly with the Republican party. The fears and calamities of 1933 had called a truce for the moment, but by the opening of 1936 the truce was broken. The time had come to renew the old allegiance openly and present a united front to an administration that had made so many concessions to labor and agriculture.

More significant than many a solemn pronouncement from organized industry or chambers of commerce were two incidents at a great dinner of 500 utility and optical executives in New York City on Dec. 10, sponsored by the Edison Institute, formerly the National Electric Light Association. Apparently in a whimsical

mood, Thomas N. McCarter, president of the institute, proposed a toast to the President of the United States. "The diners," ran a report of the meeting, "seem to have been taken aback by the proposal of the toast. Only a few rose at first, grinning as they did so. Then came a ripple of laughter from various parts of the hall which caught on quickly and became general as more of the audience rose lifting their glasses. The laughter continued for some time after they resumed their seats."

Later in the evening laughter was renewed. Floyd L. Carlisle of the Consolidated Gas Company and the Niagara Power Corporation, referring to Mr. McCarter, remarked: "Never have I admired the 'Overlord of New Jersey' as much as I did tonight. That toast"——. He finished the sentence with a wide gesture of the hand "and the audience took this as a signal for more laughter." Thus to the note of defiance long sounded by utility companies was added a shrug of contempt for the President of the United States which indicated the fighting spirit in which the battle is to be waged this coming Summer and Autumn.

Robert V. Fleming, president of the American Bankers Association, in an address before the New York Chapter on Dec. 13, declared that Federal agencies were striking "right at the heart of bank earnings," and urged bankers to recover their former position of dominance by putting an end to these establishments. At the same meeting Judge John C. Knox, senior member of the Federal bench for the New York City district, took broader ground. "I am an adherent of capitalism," he declared, and he laid upon bankers "the duty of seeing that it remains sacrosanct by reselling the capitalist system to the small investor and the man out on the concrete roads of the United States." Judge Knox remarked that the courts were "the last line of defense for American institutions"; that "through capitalism America became great"; and that bankers must do their part to save it. When the chairman of the meeting suggested Judge Knox for the next Republican nomination, the assembled bankers applauded.

In industry the events of the season likewise ran against any hope for "good-will." On Dec. 6 S. W. Utley, president of the Detroit Steel Castings Company, called upon all manufacturers to mobilize against the New Deal "all the resources of time, energy and money available to industry," to exert pressure on party managers in every political subdivision of the country, to line up stockholders and employes, and to prevent the Republican party from becoming "more liberal."

Three days later the meeting of industrial and labor representatives, called by George L. Berry in Washington to consider renewed cooperation along the lines of the late NRA, was attended by disorder. Representatives of great corporations were few in number and, although some of them looked with favor on a revival of codes, a majority were openly hostile. Perhaps it was necessary for President Roosevelt to dismantle the remaining fragments of NRA as of Jan. 1, 1936. Of more than 10,000 manufacturers polled by the National Manufacturers Association, 82 per cent voted against a revival of NRA in any form.

At the annual dinner of the Houston Chamber of Commerce on Dec. 11 Winthrop W. Aldrich, president of the Chase National Bank of New York, vigorously assailed practically all the other features of the New Deal. The

following day a special committee of the United States Chamber of Commerce released a report containing seventeen items in a bill of indictment against the Roosevelt administration.

In December, also, life-insurance presidents, gathered at the Waldorf-Astoria in New York City, heard from their speakers a hearty condemnation of "certain New Deal trends" as a "threat to savings," and a sharp criticism of "planned economy" in all its forms. About the same time Trade-Ways, Inc., made public the findings of a survey, covering 120 industries, 287,000 establishments and 2,500,000 workers, to the effect that three-fourths of the trade and industrial groups included in the investigation were "unalterably opposed to resurrection of NRA and to government regimentation."

With leaders in the utility, industrial, commercial, banking and life-insurance fields consolidating their interests and forces, with the Federal courts regarded as "the last line of defense for American institutions," it looked as if the "truce" and "breathing spell" were definitely closed, and open war on the "political departments" of the Federal Government positively declared. The New Deal—there is the enemy! Such a concentration of energies, talents and wealth, if continued, will count heavily in the coming campaign.

THE PRESIDENT HITS BACK

The challenge offered by organized industry and business was taken up by President Roosevelt in his message of Jan. 3, read to Congress in person and to the nation over the radio. To him the effort of "financial and industrial groups numerically small but politically dominant" to control government was nothing new. "It was," he said, "fought out in the Constitutional Convention of 1787. From time to time since then the battle has been continued, under Thomas Jefferson, Andrew Jackson, Theodore Roosevelt and Woodrow Wilson." In the twelve years following the World War these groups had been dominant in the United States. During the crisis of 1933 "unscrupulous money changers * * * had admitted their failure and had abdicated." But "with the passing of danger they forgot their admission and withdrew their abdication. They seek the restoration of their selfish power. * * * They engage in vast propaganda to spread fear and discord among the people—they would 'gang up' on the people's liberties."

Auditors with historical knowledge were carried back by the President's allusions to speeches by Hamilton and Morris in the convention of 1787, to Jackson's belligerent messages against the United States Bank, to Theodore Roosevelt's thunders against "malefactors of great wealth" and Woodrow Wilson's campaign addresses of 1912. Having recalled history and taken his position in the present conflict of interests, President Roosevelt invited his critics to say just what they would do. Do they intend, he asked, to repeal existing taxes, to abolish the regulation of banking, to restore to the dollar its former gold content, to abandon farmers to their fate, to cancel the aid given to distressed home owners, to turn the unemployed over to local charity and "soup kitchens," to forsake labor in its effort to establish collective bargaining, to repeal laws protecting the investor against "the manipulations of dishonest speculators," to destroy the opportunity offered to youth by the CCC, to withdraw Federal assistance to social se-

curity and to turn a cold shoulder upon "the men and women who live in conditions of squalor in country and city?"

After stating the issues as he saw them, the President declared:

"We have been specific in our affirmative action. Let them [the opponents] be specific in their negative attack." Thus without mentioning any names, the President of the United States replied to the Liberty League, the United States Chamber of Commerce, the National Manufacturers Association, the Edison Institute, the American Bankers Association and the directors of the Republican party.

Although harsh in describing the line-up and throwing down his gage, President Roosevelt proposed to Congress no new measures of domestic policy or specific modifications in existing domestic legislation. On the contrary, he indicated that his new "economic constitutional order" was substantially complete: "Now, after thirty-four months of work, we contemplate a fairly rounded whole." Touching matters of finance, the President was explicit: No new taxes are necessary; with rising revenues from increased activity in industry and agriculture "we approach a balance of the national budget"; as employment rises "we can anticipate a reduction in our appropriations for relief." In other words, the President indicated that the New Deal was completed, that its principal objectives had been obtained and that future changes in it would touch details, not fundamentals. This position he also seemed to reaffirm in his address to assembled Democrats in Washington on Jackson Day, Jan. 8, while he renewed his attack on the "small minority of business men and financiers."

That the President himself wished to avoid new battles in Congress could be inferred from the emphasis which his message of Jan. 3 laid on foreign affairs. Indeed, nearly one-half of the document was devoted to this subject. With a startling directness not often found in official essays on international relations, he divided the nations of the earth into two groups—those content to pursue the ways of peace, and the autocratic powers bent on using the sword in "seeking expansion, seeking the rectification of injustices springing from former wars, or seeking outlets for trade." While he did not mention Japan, Italy and Germany, there could be no doubt about the powers that President Roosevelt had in mind.

With the shadows of war in Europe or Asia overhanging, what is to be the policy of the United States? President Roosevelt declared that "we have, so far as we are concerned, put an end to dollar diplomacy, to money-grabbing and to speculation for the benefit of the powerful and rich." In addition to withdrawing from the imperialist competition of the great powers, the United States is to follow a policy of neutrality "toward any and all nations which engage in wars not of immediate concern to the Americas." But with neutrality there must be "adequate defense to save ourselves from embroilment and attack."

AAA AND THE SUPREME COURT

While the storm of partisan temper raised by the President's message was still raging, the Supreme Court declared the Agricultural Adjustment Act unconstitutional and void on Jan. 6, by a 6-to-3 vote. The opinion of the court was delivered by Justice Roberts. It fell into three general divisions. The power of Congress to lay taxes, to provide for the common de-

fense and general welfare was conceded. But, said Justice Roberts, "we are not now required to ascertain the scope of the phrase 'general welfare of the United States,' or to determine whether an appropriation in aid of agriculture falls within it." Having disposed of this issue in such a manner, Justice Roberts then declared: "The act invades the reserved rights of the States. It is a statutory plan to regulate and control agricultural production, a matter beyond the powers delegated to the Federal Government."

The third part of his opinion Justice Roberts devoted to drawing a frightful picture of what might happen if Congress were permitted to carry out its program of taxation, expenditure and control. "It would be possible," he explained, "to exact money from one branch of an industry and pay it to another branch in every field of activity which lies within the province of the States." In the manner sanctified by custom, the court disclaimed all intention of passing upon the wisdom or merits of the act; it merely "squared" the act by the Constitution and found it contrary to the fundamental law.

The dissenting opinion was presented by Justice Stone, with Justices Brandeis and Cardozo concurring. Justice Stone thought it a contradiction in terms to hold that Congress has the power to tax and spend for the general welfare, and then defeat that power by applying "limitations that do not find their origin in any express provisions of the Constitution"—limitations "to which other expressly delegated powers are not subject." Seeking to controvert the contention of the court that AAA had invaded State powers, Justice Stone cited a long list of Federal expenditures for unemployment relief, vocational rehabilitation, rural schools and other matters within State jurisdiction. He also cited the expenditures of RFC "to aid in financing agriculture, commerce and industry." Then he asked whether these activities must also collapse under the principle laid down by the majority. Justice Roberts' suggestion that upholding AAA would lead to great abuses, Justice Stone declared, "hardly rises to the dignity of an argument."

Coming to the time-honored theory that the court declares the law and cannot err, Justice Stone informed his colleagues that the judicial power may also be abused, that "the only check on our own exercise of power is our own sense of self-restraint," and that "the courts are not the only agency of government that may be assumed to have capacity to govern." He closed with a note of warning not often heard in a judicial pronouncement: The assumption that responsibility for the preservation of our institutions is "the exclusive concern of any one of the three branches of government," or that the court alone can save them from destruction, is more likely in the long run to "obliterate the constituent members * * * than the frank recognition that language even of a Constitution may mean what it says: that the power to tax and to spend includes the power to relieve a nation-wide economic maladjustment by conditional gifts of money."

Owing to the complexity of the economic relations already firmly established under AAA, the action of the Supreme Court in declaring the act void had a more disturbing effect than the decision invalidating NIRA last year. Payments to farmers under contract were automatically halted and processors prepared to sue the government for hundreds of millions of dollars collected without authority of

law. Cotton and corn loans made by RFC, amounting to more than $1,000,000,000 and predicated upon stable prices, were drawn into question. If the prices of agricultural produce did not break as sharply as expected, that good fortune was attributed largely to the past curtailments under AAA; and long-run expectations could only forecast continued declines as new surpluses appear in the market.

Owing to the sweeping language of the court, all substitute plans prepared in anticipation of an adverse ruling were thrown into the discard. The Department of Agriculture called a national conference of farm leaders to consider new projects, but even the most sanguine sponsors of the old AAA could point no way out of the ruins. Nevertheless, in his Jackson Day address on Jan. 8, President Roosevelt announced his intention to attain justice and prosperity for agriculture, and on the same day an official statement made known the intention of the administration to continue the AAA program or "its equivalent." While refusing to comment on the decision of the Supreme Court, the President publicly declared that he was studying "both opinions," emphasizing each of the two words.

CONGRESSIONAL TASKS

In these circumstances President Roosevelt's budget message sent to Congress on the day that the Supreme Court rendered its opinion was little more than a guess in the dark. His budget for the next fiscal year called for a material reduction in the "regular" estimates and placed the anticipated deficit at $1,098,000,000. It included, however, no allowance for relief. On this item the President promised a special report within sixty days and expressed the hope that, with business improvement, it would not go far beyond the unexpended balances of recovery and relief funds carried over from previous years.

None of these estimates, however, took account of the prospective bonus for veterans. Nor did they contemplate the situation created by the invalidation of AAA. According to an official statement, at least $283,000,000 was due farmers on 1935 adjustment contracts. How was that sum to be raised, if the government was to fulfill its part of the contracts? Moreover, the collection of processing taxes was automatically stopped by the judicial decree, impounded funds were released and processors were pressing actions to recover payments made under an invalid law. Thus the budget proposals, except the increase for the army and navy, were thrown into confusion.

With the administration staggered by the blow to the agricultural program, and Republicans bent on making the most of its discomfiture, the prospects for a short and pleasant session of Congress were dispelled. If the precise and determined language of Justice Roberts' opinions was to be taken at face value, then all the rest of the New Deal program was doomed to destruction—railway pensions, the Social Security Act, the Wagner Labor Relations Act, the Guffey-Snyder Coal Act, the TVA and the housing legislation.

On the assumption that his program was established and secure, the President, in his annual message on Jan. 3, had suggested to Congress only one new legislative project of importance—neutrality, and shortly afterward that project was incorporated in a new neutrality bill introduced in both houses by administrative leaders. The new bill, drawn with the aid of the State Department,

widened the scope of the Neutrality Act soon to expire and accepted its mandatory features, with some ingenious qualifications. This bill was approved in general terms by the original sponsors of neutrality legislation in Congress, but they announced their intention to make its mandatory features still more strict, by amendments or separate action.

The Nye Munitions Committee, which resumed its hearings on Jan. 7, sought to prove the need of neutrality legislation by investigating the part played by leading bankers in "getting the United States into the war." For this purpose representatives of J. P. Morgan & Co. were called to Washington, along with Frank A. Vanderlip, former president of the National City Bank of New York.

In the welter of evidence brought out in the first days of the investigation, there were no really startling revelations. The committee, however, did emphasize the tremendous economic stake that America gradually acquired in Allied success, and made public some interesting communications that passed between President Wilson, Secretary Lansing and Secretary McAdoo before the President approved Allied financing by American interests. The bankers' representatives insisted throughout the hearings that no undue pressure had been exerted upon the government, and the evidence either way was hardly conclusive. Nevertheless, Senator Nye declared on Jan. 9 that he was more convinced than ever before "that it was the commercial activity as a whole, in which the bankers had a hand, which did finally break down completely our neutrality."

Although the state of foreign affairs made neutrality legislation important, Congress was more concerned with the difficulties raised by the invalidation of AAA and the prospects of other adverse decisions by the Supreme Court. The theme of "curbing judicial powers," now more than a hundred years old, was taken up by critics of the Supreme Court and many bills were prepared with a view to limiting, if not overthrowing, "judicial supremacy." Indeed, the group in Congress bent on modifying judicial proccesses received aid and comfort from a cryptic statement in President Roosevelt's message: "The carrying out of the laws of the land as enacted by Congress requires protection until adjudication by the highest tribunal of the land. The Congress has the right and can find the means to protect its own prerogatives." But whether the President and Congress were ready to attempt a restriction of judicial authority or to propose a constitutional amendment enlarging the power of the Federal Government remained uncertain as the legislative days passed on Capitol Hill.

REPUBLICAN HOPES

Not unmindful of the resources and resourcefulness openly tendered by organized industry and business, Republican leadership prepared for the fray. On Dec. 16 the party's national committee met in Washington, decided to hold the nominating convention in Cleveland on June 9 and adopted a resolution calling on Jeffersonian Democrats to join Republicans in saving American institutions. The resolution declared: "The United States is facing as grave a crisis as has risen in its history. The coming election will determine whether we hold to the American system of government or whether we shall sit idly by and allow it to be replaced by a socialistic State, honeycombed with waste and extravagance and ruled by a dictator-

ship that mocks at the rights of the States and the liberty of the citizen. * * * We appeal specifically to the millions of constitutional Jeffersonian Democrats for their aid."

In widening the call for help, the Republicans included "the smaller taxpayers." William B. Bell, chairman of the finance committee, repudiated the notion that his committee "intends to raise a vast campaign fund from the wealthy and industrial classes." He said that the money would be obtained, if possible, from the smaller taxpayers, who stood to suffer most if New Deal policies were carried to their logical goal.

Despite the harmony in the Republican National Committee, disturbances were going on outside. Before its sessions opened, Senator Borah, in an address to the nation, had assailed both "monopoly" and "scarcity." He ridiculed the alleged prosperity of previous years. "It appears," he said, "that 30,000 families at the top of the economic ladder had an income equal to that of 11,635,000 families at the foot of the ladder; that 50 per cent of the entire income of these years went to 13 per cent of the population."

After drawing a picture of poverty and suffering under the Coolidge-Hoover régime, Senator Borah referred to America's capacity to produce and criticized the efforts of the Roosevelt administration to curtail the output of wealth. There was the celebrated paradox of famine amid plenty. What was to be done? The Senator answered: Declare war on monopolies, trusts and combinations which put up prices so that the people cannot buy; dissolve them; restore free competition; liberate America; bring the prosperity of freedom.

After delivering this speech against monopoly and scarcity, Senator Borah let it be known that he wanted Republicans everywhere to choose delegates to the coming convention committed to "liberalism" and a "liberal" candidate.

Republican hopes for a return to low taxes, a balanced budget and general normalcy were shaken by dissonance in another quarter. At a special Congressional election in Michigan the voters gave the palm to the Republican candidate who had endorsed the Townsend old-age pension scheme and had received the hearty support of the local Townsend organization. Just how $19,000,000,000 could be added to the annual outlay of the Federal Government without materially increasing the tax burden was not disclosed by the victor.

On the other hand, Republicans who looked to Governor Alf Landon of Kansas as the leader of the hour were somewhat disconcerted by the nature of the sponsorship given to Mr. Landon by William Randolph Hearst. If the *Literary Digest* poll and other samplings of opinion showed a decline in President Roosevelt's popularity, they did not prove the validity of Senator Penrose's old dictum, "Any good Republican can be elected."

Occurrences outside the spotlight of "big" news on a few personalities and events did not point to a substantial decline in the responsibilities of government for the present year. The indices of business continued to point upward, but the amount of unemployment remained distressingly large. Federal relief was cut off in many States with the transfer of unemployed to projects under the WPA. Yet the necessity for continuing relief grants in many sections remained pressing and the prospects for "taking the Federal Government out of the relief business" at the end of the current fiscal year were far from promising.

Canada's Drive for Foreign Trade

By J. BARTLET BREBNER

PRIME MINISTER MACKENZIE KING of Canada has vigorously continued the efforts to increase foreign trade initiated by the American treaty of November. That he has been riding a rising tide is shown by the greatly increased foreign trade reported for recent months. The arrangements with Australia and New Zealand have been revised. The prolonged trade war with Japan was terminated on Dec. 27, when Canada valued the yen for duty purposes below the present exchange rate. Preparations were also under way to expand the scope of the Ottawa agreements at an imperial conference in London during the coming Summer.

The major portion of the trade treaty with the United States came into force on Jan. 1, when Canada's system of arbitrary determination of discounts on imports was dropped. Mr. King was reported as anxious to abolish all the executive devices affecting taxation of imports, except the characteristic dumping duty, as well as to expedite legislation to carry out Canada's additional treaty engagements with the United States. Some apprehension existed that. following representations before the Tariff Board from automobile and furniture manufacturers and others, pressure would be exerted to raise the intermediate tariff on all except the items dutiable at specific rates in the Ottawa and American agreements.

Mr. King believed that increased trade might go far to solve the employment problem. Official statistics seemed to bear him out, for with the expansion of Canadian exports that has been continuous since July, 1935, the index of employment has been above the 1926 level and on Dec. 1 stood at 104.6, as compared with 98.9 a year before.

Except for the utterances of George N. Peek, who continued to argue that the American unconditional most-favored-nation policy was injurious and that under the treaty with Canada agriculture was "being asked to take the rap" for the benefit of industry, there was not much public opposition to the treaty in the United States. Indeed, the National Lumber Manufacturers Association in a letter to Secretary Hull on Dec. 14 promised cooperation with the administration's policies.

On the other hand, American exporters' associations were sufficently disturbed over impending Congressional legislation to prepare for battle. First was the threat to test the constitutionality of the Trade Agreements Act. In addition, bills were being drafted to require Senate approval of all trade agreements and to prohibit any except bilateral agreements affecting the general tariff level. Meanwhile, except for a speech by Secretary Hull lauding and explaining the treaty, the Roosevelt administration was silent on the subject during December.

THE DOMINION CONFERENCE

The Canadian federation is somewhat less sensitive than the American on questions of constitutionality. Conflict between Federal and Provincial legislative powers has been so fre-

quent since 1867 that two expedients have gradually been adopted: (1) Submission of debatable laws to the Supreme Court before enforcement; and (2) periodic Dominion-Provincial conferences to secure the passage of uniform Provincial legislation in fields where Federal power is doubtful.

The burden of relief and of Provincial finance generally has since 1929 subjected the Dominion to great strains. Loans to the Provinces from the Dominion and readjustment of the Provincial subsidies have aided somewhat, while revision of railway rates has corrected the uneven effects of the Canadian tariff. Last Spring, in the dying days of the Bennett administration, the Prime Minister attempted a permanent solution of some of these problems by means of social security legislation. This was passed by Parliament, but has been referred by the Liberal successors to the Supreme Court for opinion. The coincidence this Winter of Liberal governments at Ottawa and in eight of the nine Provinces was too favorable for joint action to be neglected. During December a Dominion-Provincial conference of Premiers was held, with the Mayors of the principal Canadian cities present at the opening sessions.

Action on Dominion legislation for social services and industrial control was postponed because the Supreme Court decisions were pending. No settlement was reached on dividing the Dominion and Provincial fields of taxation, nor on a debt-refunding program or the creation of a Dominion loan council. Instead, the Dominion agreed to assume a larger share of relief by becoming responsible for all employables and temporarily increasing its grants to the Provinces. Permanent committees were to study these matters further. On the recommendation of a constitutional committee headed by Ernest Lapointe, Federal Minister of Justice, it was agreed that the Federal Parliament should in future have the power to amend the Constitution. It was reported that amendment would involve the unanimous consent of the Provincial Legislatures.

THE WHEAT DRAMA

World events have assisted the Canadian Government in selling its accumulated wheat surplus and have reduced the potential loss from its public purchases of recent years. First, there is the tremendous reduction in the world carry-over because of short crops on both sides of the equator. Yet the new Liberal Wheat Board was for some weeks selling in world markets for less than it was paying the Canadian farmer. It had decided to sell wheat as rapidly as it could, without breaking world prices, so as to reduce the disparity between prices for Canadian as compared with Australian and Argentine wheat at Liverpool.

Relief came on Dec. 12, when the Argentine Government unexpectedly announced that it would pay its growers 89½ cents a bushel for their wheat instead of the 78 cents they had been getting on the open exchange. This act rapidly reduced the premium on Canadian grain in England, whereupon the Canadian Board began selling freely at once. Prices jumped everywhere, except at Winnipeg, where they rose slowly until at the end of the year they passed the 87½ cents a bushel paid to the Canadian farmers. This seems to have facilitated sales of Canadian wheat in the United States as well as in Europe and the Orient, both for local consumption, because of the short crop, and for export after the close of St. Lawrence navigation.

SOCIAL CREDIT HANGS FIRE

Visitors to Alberta during December reported a curious lull in political activity. Premier Aberhart has been confidently doing his best over the radio to convey his own faith that the establishment of Social Credit in the Province will be a relatively simple matter, but at the same time to remind his supporters that he must first effect economies, then put current finances in order and balance the budget with the aid of the Dominion Government. He has employed an orthodox Montreal financial expert to assist him in the immediate tasks and has asked Major Douglas to visit Alberta early in 1936 to advise him on setting up Social Credit. He has also tried to propose to the holders of Alberta bonds a voluntary reduction in interest rates.

The flight of capital by sale of Alberta securities has apparently ended. Despite urban skepticism and rural impatience the prevailing attitude strikes observers as a curious, almost religious, resignation to waiting. Government has become a blend of decency, sincerity and optimistic faith, marked by such changes as the abolition of smoking in government offices. But the absence of political and financial realism perturbs outsiders. Each interviewer has come away from Premier Aberhart convinced of his sincerity and faith, but unable to describe him otherwise than as a man who humbly but certainly believes himself to be an instrument of Providence. He and his Cabinet continue to hold the confidence of the majority of Albertans because Social Credit is still an evangelical cause whose servants have obviously dedicated themselves simply and sincerely to public service. Significantly enough, the man seems proof against charges of charlatanism despite curious anomalies in his behavior.

TRANSATLANTIC AIRWAYS

During December, meetings at Ottawa and Washington brought to a practical conclusion prolonged negotiations for British imperial and for general round-the-world air and mail services. In effect, Great Britain and the United States agreed to divide the Atlantic and Pacific services.

The Canadian conferences, attended by representatives of the United Kingdom, Northern Ireland, the Irish Free State, Newfoundland and Canada, transferred its activities to Washington early in December. There it was agreed that the Atlantic services would in Summer follow the Ireland-Newfoundland-Canada route with division of Canadian and American routes at some such junction as Montreal or Shediac, New Brunswick, and in Winter use Spain, the Azores and Bermuda as stations en route to New York or Norfolk.

In the Pacific, the American services which had just initiated flights to the Philippines secured a contract to provide regular services from San Francisco to New Zealand by way of Hawaii. Apparently the impracticability of a service from Canada to Australasia has been acepted, but Canada agreed to complete a transcontinental route. British and Dutch services would link Europe with Australasia and China by the eastward route.

Experimental services are to begin in 1936 for a program of four transatlantic round trips a week in 1937. The Arctic route was shelved as impracticable at the present time.

Venezuela After Gomez

By Hubert Herring

THE pattern of Latin-American dictatorships has an obstinate regularity. The late Gomez of Venezuela, like Machado of Cuba and Diaz of Mexico, began as a reformer and a revolutionist. In common with them, he was dominated by a curious blend of patriotism and self-seeking, but to a degree beyond either of them he made substantial contributions to the economic life of the people he ruled. There was the same disregard of constitutional usages, the same summary justice to those who dared disagree. But Gomez died at home of old age, while Porfirio Diaz died as a lonely exile in Paris, and Gerardo Machado wanders about Europe seeking safety from the agents who still pursue him. (For an account of Gomez's dictatorship see the article by Lothrop Stoddard on page 479.)

The death of Gomez on Dec. 17 was followed by the swift action of his Cabinet in choosing as Provisional President General Eleazar Lopez Contreras, Gomez's Minister of War. On Dec. 31 Lopez was elected President by the Venezuelan Congress, despite the angry protests of crowds who had gained access to the Congressional galleries. On Jan. 1 he announced the members of his new Cabinet, the majority of them identified with the hated régime of Gomez. In the meantime Lopez had sought to appease the wrath of the Opposition by ordering the release of some political prisoners.

The new government found itself with a powder magazine, primed and ready to explode. The years of repression had done their work, and the news of Gomez's death released long-restrained fury. Many henchmen of Gomez were shot. Governors of several States—these Governors were Gomez's key men, the men who shared with him responsibility for his absolute rule, and in all probability in the rewards, too—were ousted from office. Rioting was reported in scattered cities and towns—Valencia, Merida, Cumana, Caracas and elsewhere.

In the oil State of Zulia Governor Vincencio Perez Soto, suspected by the workers as an ally of alien petroleum interests, was forced to resign. President Lopez proved his loyalty to the older régime by appointing Perez Soto to the Governorship of the State of Lara. In the meantime, rioting and looting continued in Maracaibo, the oil center of Zulia. The rioters seemed to be chiefly the petroleum workers, among whom a few Communists were alleged to have been active for several years. They addressed their fury not only against the deposed Governor but also against the local merchants and the oil companies.

Judging from the sketchy and colored reports that filtered through the censorship, President Lopez was seeking to consolidate a new government around the older lieutenants of Gomez, allowing a few of the more notorious to be sacrificed as scapegoats, and bringing into the new government some of the more powerful dissenters who were not in exile. Apparently his purpose was by coercion and the appeal to self-interest to build a machine

strong enough to resist any opposition. The test of this new dictatorship will no doubt come as the exiles return and organize.

It appeared extremely unlikely, on the basis of information available early in January, that President Lopez would be able to hold the Gomez machine together. Gomez built the machine and dominated it, but he permitted no one to harbor the ambition to be second in command. There are at least a dozen of the old lieutenants who feel themselves competent to succeed Gomez, and it is questionable whether they will smooth the way of Lopez Contreras.

ARGENTINE POLITICS

Constitutional government is on its way back in Argentina, despite the high-handed fashion in which President Justo's party—the National Democrats—carried off the Provincial elections early in November. Later reports on those elections confirmed the fraudulent tactics of the government forces and the nullification of what seems to have been quite clearly a preponderant radical sentiment. The important point is not the fraud but the storm it has loosed. The Buenos Aires newspapers, *La Nacion* and *La Prensa,* were tireless in their warnings, and widespread protests were voiced throughout the country. These continued throughout November and December, culminating in a general strike in Buenos Aires during the first week of January.

Further evidence of the state of public opinion came on Dec. 30 when a Cabinet shake-up removed Finance Minister Federico Pinedo, Minister of Agriculture Luis Duhau and Minister of Justice and Public Instruction Manuel de Iriondo. Pinedo and Duhau had been storm centres for many months, and had won the special hostility of the Radicals. Roberto M. Ortiz, a member of the Radical party, became Finance Minister, while a Progressive Democrat, Miguel Angel Carcano, was made Agriculture Minister. Ramon S. Castillo accepted the portfolio of Justice and Public Instruction. The inclusion of two prominent opponents was interpreted as evidence of President Justo's decision to abandon his high-handed position.

The Argentine financial situation continued to improve throughout November and December. Bank clearings and government reserves moved up steadily. On Dec. 20 President Justo announced that a budgetary surplus of over 20,000,000 pesos permitted the reduction of income taxes, with the exemption of some 50,000 wage-earners in the lower brackets, together with the lifting of a variety of license taxes which had proved a burden to some 26,000 small tradesmen and professional men. This move, reflecting improved economic conditions, was regarded also as a conciliatory gesture toward groups inclined to follow the Opposition parties.

A three-cornered trade dispute involving Argentina, Chile and Peru became serious during December. A trade treaty between Chile and Peru, granting reciprocal concessions on wheat, petroleum and other items, roused Argentina to action. On Dec. 5 Argentina announced that imports of Peruvian petroleum would pay an additional 50 per cent in customs duties unless Peru accepted Argentine wheat on the same terms as Chilean wheat. This action was denounced in the Chilean press as an instance of Argentine imperialism. Carlos Saavedra Lamas, the Argentine Foreign Minister, was reminded of his vigorous support in 1933 of Secretary Hull's proposal at Montevideo for such bilateral

treaties as Chile and Peru later arranged.

THE CUBAN PRESIDENCY

Carlos Mendieta, the sixth Provisional President to hold office in Cuba since Gerardo Machado made his undignified flight in August, 1933, resigned on Dec. 10. His action followed failure to conciliate the warring political parties in preparation for the delayed general election. Former President Mario Menocal, candidate of the Democratic party, would have none of him, and refused to run if the election were held under Mendieta's leadership. The threat was successful. If Menocal did not run, there would be but one candidate—Miguel Mariano Gomez—and without at least two candidates there could be no election. Thereupon Mendieta resigned in the interest of comity, and, one suspects, in the interest of tranquillity.

Mendieta had served since Jan. 20, 1934; he had lived through stern months, with bombing and kidnappings and disorder beating out a monotonous refrain; he had seen the end of the Platt Amendment and the beginning of a more generous trade agreement. Mendieta was a weak man, but honest and of eager goodness of will. Yet he was only a puppet President, for Colonel Fulgencio Batista was the real ruler of the island. The seventh Provisional President, José A. Barnet y Vinageras, took Mendieta's place, and occupied the Presidential palace until his successor was elected.

The election of Jan. 10 settled down to a choice between Miguel Mariano Gomez, representing the three-party coalition — Nationalist, Republican and Liberal—and Mario Menocal, representing the Democrats. The election of Dr. Gomez was assured well in advance. Menocal, while having the support of the strongest and best organized party on the island, suffered the handicap of his previous Presidential record. The memory of Cubans is short, but it was not forgotten that as President he had permitted a riotous wastefulness which stripped the Treasury clean. In electing Gomez, they voted partly for his father, who was also President, partly for the man himself, formerly the gay Mayor of Havana and an enemy of Machado. But serious Cubans expected little from him.

The election was conducted with a minimum of disorder, although five persons were slain during altercations in various parts of the island. But on Jan. 12 the Cuban people were still awaiting the final result of the national poll, for so slowly were the returns coming in that only 1,725 out of 5,117 precincts had reported their results. This delay, even though Gomez was far ahead of his rival, caused a good deal of public indignation. *La Discusion*, organ of ex-President Menocal's party, attributed the situation to "incompetence and bad faith."

CALLES RETURNS TO MEXICO

Mexico's history during December revolved about the return of General Plutarco Elias Calles, and the troubles it caused. Calles was President from 1924 to 1928; he continued to rule under the Presidencies of Portes Gil, Ortiz Rubio and Abelardo Rodriguez, and, in fact, put Lazaro Cardenas into office in December, 1934. But last June President Cardenas abruptly cut the umbilical cord which hitherto connected the National Palace with Calles's home in Cuernavaca. Calles scolded Cardenas, whereupon Cardenas announced that henceforth he, the elected President, would serve as Pres-

ident. Calles left for California, and Cardenas ruled.

On Dec. 13 Calles suddenly appeared in Mexico City by plane, accompanied by Luis Morones, one of the least distinguished figures in the former Calles administration. The event was interpreted by the Mexican press and public as a declaration of war. Calles himself made no threats, but his return stirred his former allies to fresh efforts to discredit President Cardenas. Crowds gathered around Calles's house and shouted imprecations. All Mexico was excited. It was freely prophesied that arms were being gathered, forces prepared, and that a revolution was impending.

The government treated the incident as of the utmost importance, as perhaps it was. Two generals, intimate friends of Calles, who had met him at the airport, were dismissed from their offices. Five Senators, all friends of the ex-President, were expelled from the Senate. The Governors of four States—Sonora, Sinaloa, Guanajuato and Durango—were removed from office, and tested friends of the administration were installed. The ex-President himself was carefully guarded, and was virtually a prisoner in his own house. The final indignity came from the political party that he himself had founded—the National Revolutionary party—and that had conferred upon him the resounding title "'Chief of the Revolution." On Dec. 18 the name of Calles was dropped from the party rolls, together with those of many men suspected of being too friendly to the fallen chief.

It is impossible to know whether the return of Calles really meant trouble. Judging from previous Mexican history, it might have, but President Cardenas seemed firmly in the saddle; labor and the farm workers seemed loyal; there was no murmur of discontent in the army. Calles has lost his hold upon the masses, while President Cardenas has won an enthusiastic following.

URUGUAY BREAKS WITH RUSSIA

The government of Uruguay severed diplomatic relations with the Soviet Union on Dec. 27. The circumstances are, as is usual in such instances, confused. Brazil had protested against the Communist propaganda that flowed north from Montevideo, bringing revolution in Northern Brazil and in Rio de Janeiro; Russia was suspected of using Soviet gold for all sorts of subversive purposes in other neighboring countries. Therefore, argued Uruguay, the Russians must go. They went—on the next boat.

Unfortunately, the story upon which President Terra of Uruguay and President Vargas of Brazil agree is subject to some mild reservations. It is, for instance, significant that substantial and increasingly vocal groups—majorities, perhaps—are anxious to remove these Presidents from their high places. It is also true that there is little evidence to substantiate the assertion that Communists were at the bottom of the recent Brazilian uprising. Apparently it was a highly indigenous movement of revolt against a dull and overbearing dictatorship, just as the recent revolt in Uruguay was a thoroughly home-grown attempt to restore constitutional government in that republic. Terra and Vargas evidently decided to blame all troubles on Moscow—a convenient, although not particularly convincing, solution.

Britain's Cabinet Blunders

By Ralph Thompson

PROBABLY not even a professional Jeremiah would have suspected late in November, when the new British Cabinet took office, that within a month one of its most important portfolios would change hands. As Foreign Secretary in Mr. Baldwin's government formed in June, Sir Samuel Hoare had been above reproach, and as incumbent of the same position in the reconstructed Cabinet, he would, it was only natural to believe, continue his good work. Nearly every one recognized and applauded his efforts to preserve the dignity of the League of Nations in the face of a most trying international situation. That, indeed, was exactly what the British Government had been elected to do.

Then, on Dec. 8, came the news of the extraordinary peace plan concocted in Paris by Britain and France. Italy was to be offered large slices of Ethiopia if she would end hostilities there. Immediately a roar went up in England, and so great was it that Prime Minister Baldwin had to do something, and that quickly. No government in the world could long withstand such a concerted and outraged public opinion. On Dec. 18 Sir Samuel accepted the part of scapegoat and did penance for the government's share in the scheme by resigning. The agreement he had signed was sonorously disavowed by his colleagues, and the seals of the Foreign Office were handed over to Anthony Eden.

Eventually we may know exactly what happened. Now we know—with a little added--only what the government said happened. Sir Samuel, free-lancing, as it were, and out of contact with London, signed the peace proposal and then went to Switzerland on a holiday. The Cabinet eventually got the news and, after some internal dissension, endorsed the plan because it could not help itself, meanwhile assuring the country that when all details were known the situation would prove to be much less shameful than appeared.

When on Dec. 13, however, the League published the text of the proposals the clamor of protest only grew in volume, and a hasty retreat was in order. Mr. Baldwin later told the Commons that the chief trouble had been "an absence of liaison"—in other words, important Ministers had been week-ending in the country and had not discovered what Sir Samuel had done until it was too late to act otherwise than in his support. "Never had I or any of my colleagues," said the Prime Minister, "any idea in our own minds that we were not being true to every pledge we had given in the election."

One may question Mr. Baldwin's innocence. Beyond doubt the Hoare-Laval scheme was known in government circles before that fatal "absence of liaison" week-end of Dec. 7-8 (it appeared in outline in *The New York Times* of Dec. 5) and at least one competent observer has declared that the whole matter was officially considered and approved well before it was settled. Furthermore, even were Mr. Baldwin and his colleagues cruelly surprised by what happened in Paris, it need not have taken them

ten days to discover that the plan violated "every pledge" they had given.

The British Government simply guessed wrong. As Sir Samuel himself implied when he spoke in the Commons on the day after his resignation, the strict pursuit of League policy was bringing Britain nearer and nearer to an unassisted war with Italy, and the Cabinet felt that a way out had to be found, even if it had to condone Italian aggression at the same time. What the Cabinet did not realize was that while the British people did not want war with Italy, they wanted knuckling-down even less.

So Sir Samuel gave up his post to Anthony Eden, who, with Sir John Simon, seems to have led whatever Cabinet resistance there was to the plan. Yet it was not Sir Samuel who suffered most sorely from the whole affair; it was Mr. Baldwin. Not for many years has the prestige of a Prime Minister declined so rapidly within a few weeks, and not for many years has such an embarrassed public eating of words taken place as when the Prime Minister told the Commons on Dec. 19 that the peace plan was "absolutely and completely dead," that Sir Samuel had approved it when he was "tired and worn out," and that the fact that Sir Samuel had been allowed to negotiate when exhausted was "an act of weakness on my part."

BRITISH HOME ISSUES

Although the Ethiopian affair and its domestic consequences consumed the larger part of Parliament's energies up to the Christmas adjournment on Dec. 20, some time was found for other matters. Royal assent was given on the final day to the Railways (Agreement) Bill, by which the Treasury was empowered to guarantee the principal and interest of a loan of over $125,000,000 to the four main-line railways. On the previous day the government introduced its Unemployment Insurance (Agriculture) Bill.

Of more immediate importance than these and other new bills was the fact that Parliament had still to struggle with old issues. On Dec. 9 Labor attempted to amend the customary address thanking the King for his speech from the throne by inserting a paragraph to the effect that unemployment, the distressed areas, the coal mines controversy and other important matters were being sadly neglected by the government. It was, of course, a hopeless manoeuvre, in view of Mr. Baldwin's majority. But it gave to Mr. Attlee, the Labor leader, a chance to air his party's grievances, and to the government, in the person of Sir Thomas Inskip, Attorney-General, an opportunity to reply.

More insured persons than ever before, Sir Thomas proudly announced, were at work. In the distressed areas of the Northeast, the Northwest and Scotland the number of unemployed had fallen considerably since 1931—in the respective districts by 145,000, 205,000 and 72,000—even if the number in South Wales remained constant. The government was already committed to the expenditure of between $15,000,000 and $20,000,000 for distressed area relief and would continue its search for the means of helping these hard-pressed districts.

In regard to the coal mines controversy Sir Thomas was unable or unwilling to make an outright statement of the official position. He spoke of the government's intention to unify mining royalties (a step recommended by various commissions for the past fifteen years) and defined his terms by stating that unification meant that the State would purchase, in the in-

terests of the community, those mining royalties now held by some 4,000 individuals and institutions. But when the purchase would be made, or what effect it might have upon the coal miners' current demand for higher wages, he did not say. Presumably the move would reduce the fixed charges of the colliery owners and enable them to pay their 750,000 workers somewhat more than the present average annual wage which, according to Labor calculations, is about $575.

While these discussions resounded in the Commons, the very real issue of a coal strike remained unsettled. The Mine Workers' Federation continued to demand, as in November, that all hands be given a uniform 2-shilling daily increase, and the associated mine owners continue to plead their inability. On Dec. 17, after the owners had succeeded in persuading certain large purchasers to break existing contracts and to pay higher coal prices, they informed the miners that from Jan. 1 each district would receive some sort of increased wage. But the amount of increase was indefinite and in any case was not to be applied uniformly, as had been demanded. The miners therefore flatly rejected the compromise and set Jan. 27 as the day upon which the strike should begin. At this writing a serious walk-out was in prospect.

FATE OF THE IRISH SENATE

In theory, at least, the Irish Free State Parliament has been transformed into a unicameral Legislature. On Dec. 12 President de Valera moved in the Dail, the lower house, that the Constitution (Amendment No. 24) Bill, abolishing the Senate, be again sent to that body. His motion was carried by a vote of 76 to 57. The Senate, which had already once refused to accept the measure, could now do nothing to avert its own extinction, for legislation passed by the Dail may be held up for only eighteen months. Mr. de Valera thus had the power, should he choose, to move in the Dail within sixty days after Dec. 12 that the fact of abolition had been approved by both houses. All that would then be necessary would be the Governor General's signature.

The chances are that Mr. de Valera will make this motion—and if he does the Governor General's signature follows as a matter of course. Speaking before the general convention of Fianna Fail early in December, he said that there would be no change in his attitude toward the Senate; it was "certainly going."

Mr. de Valera's policies, however, are not immutable, and there is some reason to believe that if the Free State loses its present upper house it will gain another. Rumors current in Dublin during November indicated that the government intended to set up a new kind of Senate, representing economic, industrial and agricultural interests rather than political parties. This corporate body, while not wholly ornamental, would have no power of suspensive veto. It would thus, while preserving the façade of popular government, prove less an impediment than the present Senate to Mr. de Valera's purposes.

LABOR RULE IN NEW ZEALAND

During the month following Labor's victory at the polls in New Zealand on Nov. 27, conservatives gradually recovered from the fright that had at first overcome them. Prime Minister Savage showed every indication of reasonableness in financial matters; he promised that for the time being Labor's policy of controlling currency and credit would be pursued through the present Reserve Bank, and that if eventually the Reserve Bank had to

be made into a wholly public institution the shares privately held would be purchased at current market rates, involving no loss to investors. Labor's policy of ending the sales tax and of reducing the exchange rate would be achieved gradually, in order not to dislocate national finance.

Thus even the Opposition press began to speak of the Prime Minister's lack of impulsiveness and his "judgment." The new Cabinet, announced on Dec. 5, revealed in its personnel further evidence of a talent for balancing. Mr. Savage took for himself, besides the Premiership, the portfolios of External Affairs and Native Affairs. The vital post of Minister of Finance and Customs went to Walter Nash, a moderate. To more vigorous and conventional Labor leaders, such as Robert Semple and W. H. T. Armstrong, went the portfolios of Public Works and of Labor.

The new government represents the working and lower salaried classes rather than the prosperous and conservative farming element that for a generation or more had been in control. "There was a time," said Mr. Savage immediately after his success at the polls, "when New Zealand led the world in its social legislation. We intend to begin where the late Richard John Seddon [Prime Minister from 1896 to 1903] and his colleagues left off."

SOUTH AFRICAN NATIONALISM

In recent months certain South Africans have given much attention to what they consider the growing menace of both fascism and Afrikaner republicanism. Several members of the United party government are accused of attempting to ape Hitler and Mussolini, while Dr. D. F. Malan, leader of those anti-British Nationalists who refused to approve the fusion of the Union's two major parties in 1934, has been charged with seeking to establish an independent Afrikaner form of government.

To support the horrendous cry of "Fascism!" it is pointed out that Defense Minister Oswald Pirow has seen fit to propose a "New State" opposed to the "Victorian State" which "was accepted as a benign entity charged with the duty of maintaining law and order and guaranteeing to the community freedom of speech and the liberty of the press." He has said that in a crisis South Africa will have "to choose between the Victorian and the new conception of citizenship." Furthermore, an anti-Semitic organization called the Grey Shirts, said to receive a monthly subsidy from the Berlin Ministry of Propaganda, is reputed to be working silently for the advance of totalitarianism.

Whether the Fascist threat is serious or not, Dr. Malan's republicanism is no figment of the imagination, for he has long avowed it. During a recent session of the House of Assembly he complained again of the persistence of such imperial symbols as a British Governor General and "God Save the King" in a theoretically independent Dominion; as recently as November, 1935, he admitted in a Capetown courtroom that the ultimate aim of his party was the establishment of a South African republic. Thus few were surprised when Prime Minister Hertzog in a speech to his constituency at Smithfield on Nov. 7 outlined the connection between Malanism and the Afrikaner Broederbond, a secret society "sworn not to entertain any cooperation" between British and Dutch in the Dominion. It is not a question of whether Malanism exists; it is a question of how much it can accomplish against the powerful government majority.

Laval Rides the Storm

By FRANCIS BROWN

When the French Parliament adjourned on Jan. 1 for a two weeks' recess, it concluded one of the most crowded and exciting brief sessions in its recent history. The Deputies reassembled on Nov. 28, resolved, it was believed, to overthrow the Laval government. Instead, the Premier was given a vote of confidence, and at the end of the year was still in office, despite a series of events that ordinarily would have brought down a French Ministry.

Pierre Laval is undoubtedly one of the most adroit political jugglers in Europe, but even he could not save his Cabinet but for circumstances that make Parliament extremely loath to put him out. His policies have made him many enemies, and his personality perhaps even more. Yet he survives because the Radical Socialists—the largest party in the Chamber—do not want to take over the government.

The Radical Socialists have not forgotten their experience in the Twenties when they began to govern in the midst of financial troubles. Aware that a crisis might easily be produced again if they were in office, they are unwilling to shoulder the blame. Even if a financial upset could be avoided, they do not want to be in power on the eve of general elections, for then their opponents could lay the many woes of the nation at their door—with possibly unhappy results when the voters go to the polls. At present it is generally believed that the Spring elections will bring victory to the Left. The Radical Socialists are therefore willing to wait, especially since any Ministry they might form now would be at the mercy of uncertain support by the Socialists.

In the light of these facts it becomes clear why Premier Laval was successful in his encounters with both Deputies and Senators who individually would rejoice in the opportunity to overthrow his Cabinet. As it was, during December the government majorities steadily diminished.

Three outstanding problems were before Parliament—the budget, the Fascist leagues and foreign policy. Budget debates in the past have often consumed many months and wrecked Ministries, but this time the budget went through with record speed and a minimum of argument. On Dec. 12 Parliament agreed to limit discussion of the budgetary items to the principal categories so that the bill might be passed by the end of the year and thus obviate the need for provisional credits to carry on the government. With three sittings a day the budget was rapidly approved by both the Chamber and the Senate, and on Jan. 1, after a final session of nearly twenty-four hours, the bill was sent to President Lebrun for signature.

The budget, as completed, showed a surplus of about 12,000,000 francs, expenditures being estimated at 40,437,808,525 francs and income at 40,449,887,066 francs. But the outlook for the public finances was not quite as rosy as these figures indicated. The budget did not include 6,000,000,000 francs for military purposes; these were to be covered by loans. Nor is it probable that, unless recovery comes

to France during the year, income will even approximate the budgetary estimates. Direct taxes for the eleven-month period ended Nov. 30 were 4,631,000,000 francs below estimates. Year after year income has been falling, and there is as yet no reason to presume that 1936 will be an exception to what has become a rule.

In the midst of budget discussions the explosive issue of the Fascist leagues was also before Parliament. These leagues, notably the Croix de Feu, assailed by the parties of the Left as endangering the Third Republic, have certainly caused a good deal of disorder. But M. Laval has been strangely hesitant about taking action, despite the demands by his Radical Socialist supporters. On this issue it seemed early in December that the government would fall, but the danger was averted when the Croix de Feu and the Left parties agreed in a wave of Parliamentary emotion to disarm and dissolve.

The agreement saved the Ministry, although the ensuing debate injured M. Laval's prestige. After the government introduced its bills against the leagues, the Chamber gave it a vote of confidence by 351 to 219. Thereupon the Deputies set to work amending the bills to the disadvantage of the Right. For example, one amendment required that the leagues should be dissolved before the end of the year. Another transferred responsibility for dissolution from the courts to the Minister of the Interior so that results might be prompter than if left to the slower legal processes.

The Fascist leagues thereupon declared that they had been betrayed, and the government itself realized that to insist on the original terms of the bills would be to court defeat. The Senate soon showed itself no more amenable to government pressure than the Chamber, although the bill was slightly altered so that dissolution would be for the President of the Republic and his Ministers in Council to decide. In this form Parliament, on Dec. 28, finally approved the bill.

While no little heat was generated by the debates on the budget and the leagues, it remained for Premier Laval's foreign policy to raise the temperature to the boiling point. The Left, long critical of M. Laval's apparent friendship for Italy and things Fascist, has also accused him of being half-hearted in his support of the principles of collective security embodied in the League of Nations. In December, however, running comment gave way to a full-dress debate from which, to every one's surprise, the Premier emerged triumphant, though with the smallest majority since the Parliamentary session began.

The issue arose in the second week of December when details of a plan to bring about peace between Italy and Ethiopia became known. Since Sir Samuel Hoare, the British Foreign Minister, and the French Premier were the authors of the scheme which, by giving Italy a large slice of Ethiopia, seemed to place a premium on aggression, they were generally attacked as traitors to the League. On Dec. 12 leaders of the Left announced that they would make an issue of M. Laval's foreign policy, and in the following fortnight they prepared for the debate scheduled for Dec. 27. In the meantime, Edouard Herriot, a member of the Ministry, resigned as leader of the Radical Socialists when at a meeting of the party's executive committee the government's foreign policy was bitterly assailed. If this meant that M. Herriot's party was out of his control, the Ministry was doomed, since without the Radical Socialists M. Laval could not continue.

But on Dec. 28, after two days' debate, M. Laval was still in the saddle. Léon Blum, Socialist leader, made the first important speech in the debate when he told M. Laval: "Mussolini cannot threaten unless it is because he has been led to believe that he will cause trouble between other nations. That is your unpardonable fault, that you have created that doubt, that you have made yourself the mouthpiece of that threat, that you have created the risk of war by using its menace for the defense of your policy." These words seemed a direct answer to the Premier's attempt to be friends with both Italy and Great Britain and at the same time to support the League's action against a proclaimed aggressor.

Throughout the day's debate, emphasis was laid upon the desirability of cooperation with the British and the League and upon the end of all concessions to Italy. Paul Reynaud, the outstanding figure in the debate, declared to the cheering Deputies: "We have to choose between Italy, which is in rupture with the Covenant, and Britain, the guardian of that Covenant." The Right, on the other hand, denounced all attempts to ally France with "British mystics." The sitting ended in uproar when the Premier practically admitted that without a European war the League could not restrain Italy's move against Ethiopia.

The next day was M. Laval's. In one of the great speeches of his career, he insisted, citing chapter and verse, that he had worked in harmony with the British Foreign Office and that he had steadily warned Italy that conciliation was the wisest course. Waving aside the Hoare-Laval peace plan as dead and therefore beside the point, he pledged continued support to League principles.

The Premier referred constantly to the danger of war with Italy. He told the Chamber that if sanctions were increased "a vote by Parliament would be necessary for total or partial mobilization." Perhaps this threat of war was enough to bring votes to the Ministry. Perhaps the spirited defense of the Premier's foreign policy won votes. But what some of the commentators could not forget was that no Parliamentary group wanted to take over the government. In that fact was found much of the explanation for M. Laval's success in obtaining a majority of twenty when the question of confidence was put.

Yet the government had only postponed its most pressing political problems, for the economic condition of the country is at the foundation of its troubles, and no solution of economic problems has been forthcoming. Even if the financial crisis that arose in October had ended, and by Jan. 1 the Bank of France had lowered its discount from 6 per cent to 5 per cent, the Treasury was little better off than it had been at the end of 1934. It was still forced to pay high interest for its money; in December a 2,000,000,000-franc loan was issued at 5½ per cent, but at almost the same moment the British Treasury was able to obtain funds at as low as 2½ per cent and 1 per cent.

A report on the budgetary estimates for the Ministry of Commerce showed that the index of French industrial activity had fallen from 140 in 1930 to 93 in 1935, and that only 50 per cent of the nation's workmen were employed for a full week of forty-eight hours. Unemployment has been rising; the total of registered unemployed at the end of November was 409,466, and was increasing by about 6,000 weekly. The cost of living has fallen but little, and the government's

deflationary policy has reduced purchasing power.

BELGIUM'S RECOVERY

Economic concerns dominated Belgian political life during December, for the annual budget after long consideration by the finance committee of the Chamber was up for debate. In its final form the budget, with expenditures of about 10,000,000,000 francs, was not only in balance but showed a small surplus. On Dec. 13 the Chamber, by a vote of 128 to 12, approved the government's proposals and sent the bill to the Senate.

Premier Van Zeeland during the budget debate said that Belgium could look forward to a 25 per cent increase in economic activity during 1936. "The national revenue," he declared, "will increase proportionately. In such circumstances a budget of 10,000,000,000 francs, although heavy, can be borne by the country."

While the ordinary budget is balanced, the extraordinary budget of about 2,304,000,000 francs will ultimately be met by a government loan. Temporarily the expenditures are being financed by the profits from devaluation of the National Bank's gold stocks. In the extraordinary budget are appropriations of 300,000,000 francs for public works, 140,000,000 francs for roads and 472,000,000 francs for military purposes. As a recovery measure to relieve unemployment and stimulate industry 1,182,000,000 francs will be spent on a special public works program.

Neither budget, however, provided for the increase in public salaries required by the rise in the cost of living. Since salaries are regulated by the cost of living index, it had been understood that on Jan. 1 all public salaries, pensions and so forth would be increased 5 per cent. But the government did not include this item in its budgetary estimates, and the Premier urged employes to get along for a time without the increase. The government obviously hoped for a fall in living costs before the failure to raise salaries had political repercussions. Yet M. Van Zeeland's plea for delay did not prevent plain speaking by representatives of the working class.

Conversion of the public debt has been part of the Van Zeeland Ministry's recovery program. In June, 1935, about 24,000,000,000 francs in government bonds were converted to a lower rate of interest. Bonds issued by municipalities and other subdivisions came next, when Parliament in December passed a law permitting the conversion of these obligations from a rate varying from 5 per cent to 7½ per cent to one from 4 per cent to 4½ per cent. About 11,000,000,000 francs would be involved. The saving to the local governments was estimated at approximately 75,000,000 francs.

That the Van Zeeland Ministry has brought a degree of recovery to Belgium successive business reports have testified. The building trade has experienced a minor boom; bankruptcies have declined amazingly; railway traffic is greater. Foreign trade, which has long been the mainstay of Belgian economic life, has risen remarkably, and in October reached the gold-franc level of October, 1934. Harbor figures during November showed an increase at Antwerp of 222,000 tons over the same month in 1934. With these encouraging reports Belgium had reason to enter the new year in an optimistic mood. The one cloud was the international situation, and toward this the country could do little except gaze, hoping that the storm would not break.

The Plight of the German Jews

By SIDNEY B. FAY

THE German Jewish problem was given new prominence by the publication on Dec. 30 of James G. McDonald's resignation as High Commissioner of the League of Nations for Refugees. This commission, though set up by the League, was not, because of Germany's wish, technically a League agency. In his letter of resignation Mr. McDonald excoriated Germany's treatment of the Jews in general and her disregard of justice and personal liberty. After serving for a little more than two years he had come to the conclusion, he said, that the problem was so enormous that it must be dealt with directly by the League itself.

The League and its members, Mr. McDonald urged, should intercede in a "friendly but firm" manner with the German Government to protect Jewish and other "non-Aryan" residents of Germany from racial and religious intolerance. He also advocated similar action by non-League nations. "The League," he said, "must ask for a modification of policies which constitute a source of unrest and perplexity in the world, a challenge to the conscience of mankind, and a menace to the legitimate interests of the States affected by the immigration of German refugees."

Mr. McDonald's scathing indictment was at first ignored in Germany, the Foreign Office taking the attitude that it had no official knowledge of it. The controlled German press was not allowed to print the letter, though the official news agency after an embarrassed silence for a few days informed the German public that Mr. McDonald had resigned. Publication of this news was followed by semi-official comment intended for German consumption to the effect that, as far as the legal aspect of the matter was concerned, the Jews were now a "racial minority" under the protection of "German justice" and not a "national minority" under the protection of a "European public law," such as was invoked by Mr. McDonald.

Early in January it was reported from London that the Jewish communities of Great Britain and the United States were preparing to finance a scheme for a wholesale and simultaneous exodus of Jews from Germany. The number involved would be not less than 100,000 and might possibly reach 250,000. Germany's consent was reported to be dependent upon the following conditions: (1) The Jews must obtain the consent of the British Government to transfer this mass of the population to Palestine and the territories of the British Empire; (2) emigrant Jews may remove their capital only under conditions similar to those already applied to refugees leaving Germany for Palestine, and (3) British and American Jews would finance the German exports involved in the second condition for the liquidation of Jewish capital.

The kernel of these proposals is contained in the second condition. Refugees now leaving Germany for Palestine and other countries, in so far as they escape complete confiscation of their capital, are permitted to remove it—including returns from the

sale of their personal and real property—only in the form of German goods to the amount of twice the sum involved after the deduction of a 25 per cent emigration tax. Thus the emigration of a large body of well-to-do Jews would produce a volume of exports that Germany at present greatly needs. Some uncertainty was expressed as to how fully the German authorities had been consulted or had given their approval, as well as to the practicability of moving so many Jews to Palestine or anywhere else.

NAZI OLYMPICS

Whether or not American athletes should be endorsed for the Olympic Games to be held in Berlin in the Summer of 1936 was finally decided in the affirmative on Dec. 8 at a meeting of the Amateur Athletic Union in New York. Opponents of participation, led by Jeremiah T. Mahoney, president of the A. A. U., took the stand that the German authorities were not keeping their pledge of no discrimination against German Jewish athletes. It was also contended that the German Government had made it impossible for Protestant and Catholic athletes to engage in sports, except as members of Nazi organizations, and that the German injection of racial, anti-Semitic, anti-Christian and other political propaganda into sports and the Olympics was contrary to the purposes of amateur sport and the Olympic ideal of fair play.

This view was widely supported by Jewish organizations, by the clergy and by many prominent individuals. A resolution embodying opposition to the Olympics under existing conditions was drawn up, but failed to pass the convention of the A. A. U. Mr. Mahoney resigned as president and was succeeded by Avery Brundage, who was also chairman of the American Olympic Committee and who favored participation by American athletes. He took the view that the German team had not yet been selected. If there should be discrimination against Jews, that was a matter for the International Olympic Committee. We should not refuse to send athletes to Germany simply because of disapproval of the general policies of Germany. We have nothing to do with these policies if they are kept out of the Olympic Games.

GERMAN PROTESTANTS

Unfortunately for the Protestant Opposition, it appears that there has been a split in its ranks. At a crucial session of the provisional administration of the Confessional Church on Dec. 13, it was decided by a vote of 3 to 2 to remain in existence and continue opposition to the repressive measures of the Nazi authorities. Dr. August Marahrens, Bishop of Hanover and hitherto Presiding Bishop of the Confessional Church, voted with the minority in favor of cooperating with Dr. Kerrl's Church Directorates in the effort to bring about peace and unity among all the Protestant groups. His desertion greatly weakened the group of more independent and defiant pastors against whom it was feared that Dr. Kerrl would soon use coercive measures in order to secure a complete victory for his new "neutral" Church Directorates.

GERMANY'S MOSQUITO FLEET

The publication of a new German Naval Manual at the opening of 1936 indicated that Germany is creating a new type of small war vessel to form a "mosquito fleet." These "fleet companions" include fifteen speed boats armed only with one machine gun and two torpedo tubes; their size is estimated at 100 tons and their speed at

forty knots or faster. There are also twenty "R" boats, which are smaller and slower and armed with one machine gun. These little vessels, operating either from a concealed base or from mother ships, might become formidable in a surprise attack. They could also be used as mine sweepers. Many naval experts believe that the mosquito fleet represents mainly an effort to increase the offensive power of the German Navy at the fastest rate possible in order to tide over the period needed for construction of larger units. It is estimated that Germany will need at least five years to create a navy equal to 35 per cent of British naval strength, as provided by the Anglo-German naval agreement.

TOWARD AN AUSTRIAN REICH

Prince von Starhemberg, Austria's powerful Vice Chancellor, in a speech on Dec. 11 called for Austrian leadership of the Germanic nations in a startling challenge to Adolf Hitler. "Those who believe they are Austrians but at the same time think that Hitler is right must change their minds," he warned. "There is only one way to solve the question of Pan-Germanism. That is to give the leadership to the Austrians. We can no longer think of a great German nation, but we must strive for an Austrian Reich."

The speech was addressed to members of the Prince's Heimwehr, the most powerful section of the Fatherland Front. While seeking to conciliate the Socialists, whom he fought in 1934, he demanded an Austrian totalitarian State. Nobody, he said, was entitled to possess any individual program or to pursue any particular policy by the side of the all-embracing Fatherland Front. He subordinated entirely the question of whether or not Austria should be a monarchy to his determination to make it a 100 per cent Fascist State.

The present régime, Prince von Starhemberg intimated, would be severely tightened up in 1936. The leaders of the people were not minded to wait much longer for those who were lingering outside the Fatherland Front. In the future there would be two classes of citizens—a privileged class consisting of those who were behind the government, and a second class of those who were not. Open or secret opponents of Austria today could get out, he said; there was room for them in the neighboring countries; no political activities of any kind outside the Fatherland Front would be tolerated.

As for a return of the monarchy, the Prince declared that Legitimists could work with good conscience in the Fatherland Front, but intimated that the restoration of Prince Otto was not an immediate practical question, and nothing would be undertaken that could disturb the tranquility of Austria's neighbors. The speech was a blow to monarchists and seemed to confirm their suspicions that Prince von Starhemberg's loyalty to the Habsburgs ends with a pious expression of respect for their past services to the Austrian Empire.

The Fatherland Front, conceived and created by the late Chancellor Dollfuss to unite political parties, now numbers more than 2,000,000, according to Colonel Adam, its secretary. In other words, it comprises more than a third of the total Austrian population. During 1935 it organized 5,400 public meetings, 4,000 propagandist evening assemblies, 380 movie performances and 21 courses of instruction for training its orators and officials. In addition to this, it printed 8,000,000 propagandist tracts and more than 500,000 posters. Some mem-

bers of the body live outside Austria.

Otto Steinhausel, once an assistant chief of the Vienna police and a distinguished criminologist, was sentenced to seven years' imprisonment on Dec. 20, 1935, for complicity in the Nazi Putsch that culminated in the assassination of Chancellor Dollfuss in July, 1934. He was the last prominent person to be brought to trial in connection with this tragedy, though several minor figures still face court-martial.

On the same day Professor Dobretsberger, the new Minister for Social Welfare, warned all officials that they were likely to face dismissal unless they made sure that none of the members of their families adopted a hostile attitude or worked against the State. After these admonitions Chancellor Schuschnigg brought Christmas joy to many workingmen's families by announcing an unqualified amnesty for all except fourteen workers jailed after the civil war in February, 1934.

The amnesty, however, did not include a large number of Socialists imprisoned after February, 1934, for circulating Socialist literature, attending secret political meetings or contributing to underground Socialist trade unions. Nazis shared in the amnesty to a lesser extent; of 911 sentenced as a result of the attempted coup of July, 1934, 140 had been pardoned and appeals for pardon in sixty other cases were being speeded.

NEW SWISS PRESIDENT

Albert Meyer of Zurich, chief of the Finance Department, was, on Dec. 12, elected President of Switzerland for 1936 to succeed Rudolph Minger. Dr. Meyer, who is 65 years old, studied at the Universities of Leipzig and Berlin, and was formerly editor of the *Neue Zuercher Zeitung*. As a member of the Federal Council he opposed successfully proposals to devalue the Swiss currency and earned the title, "Defender of the Swiss Franc."

A reciprocal trade agreement between Switzerland and the United States was signed on Jan. 9. The United States granted concessions on watch movements, cheese, certain chemicals, textile specialties and so on, while Switzerland gave the United States a large share of its lard business as well as concessions on wheat, fruit, rice, lumber, oil and automobiles. The treaty is to become effective on Feb. 15. As part of the treaty the Swiss Government has agreed after May 1 to control the export of watch movements in an effort to combat their being smuggled into the United States.

NETHERLANDS TRADE TREATY

A new trade agreement between the Netherlands and the United States, published on Dec. 22 with full details, becomes effective on Feb. 1, 1936. It is the ninth reciprocal trade agreement concluded by the United States since Secretary Hull undertook the lowering of trade barriers. The Netherland Indies as well as the mother country are included. The treaty, which has been greeted with great optimism in Holland, provides for numerous mutual advantages. In many cases the tariff on Dutch imports to the United States is halved, as in the cases of tulips, cocoa, gin, cardboard and several kinds of seeds. Tariffs on tobacco, Edam cheese and certain vegetables and chemical products were also greatly reduced. On the other hand, the Netherlands will increase the importation of American apples and other fruits, cereals, automobile accessories, motors and typewriters.

Spain's Political Turmoil

By WILLIAM E. LINGELBACH

SPAIN ended 1935 in a state of political uncertainty. Cabinet changes had been so frequent that six governments had come and gone since the October revolt in 1934.

Gil Robles's Catholic Popular Action on Dec. 9 refused to support Premier Chapaprieta's 1936 budget and forced his resignation. After several leaders had vainly tried to form a Cabinet, Manuel Portela Valadares, an Independent and former Minister of the Interior, succeeded on Dec. 14.

As Catholic Popular Action was not represented, the new Cabinet, like its predecessor, could not command a majority in the Cortes. To avoid an adverse vote and another Ministerial crisis the Premier suspended the sessions of the Cortes till Jan. 31. This brought bitter opposition, especially from the Right, the extremists circulating petitions for the impeachment of the Prime Minister and of President Zamora. Both fell far short of getting the necessary signatures. By Dec. 30, however, difficulties and disagreements had so multiplied that the Cabinet resigned after being in office sixteen days.

President Zamora was then expected to turn to Gil Robles. Instead, he again asked Señor Portela to undertake the task. He accepted, announcing his new Cabinet on the evening of the same day. It too was a minority Ministry. On Jan. 8 the permanent parliamentary commission was scheduled to meet to decide whether the government had acted unconstitutionally in suspending the Cortes. To prevent an adverse vote the Premier issued a decree dissolving the Cortes and calling a general election for Feb. 16.

When Alejandro Lerroux and his colleagues of the Radical party were forced from the government last October because of the Straus scandal, an end came to the strong coalition between the Conservative Republicans and Catholic Popular Action, which had successfully controlled a majority of the Cortes. According to the usual parliamentary practice President Zamora should have entrusted the government to Gil Robles as the majority leader of the Cortes, but the President and the Republicans of the Left were suspicious of the loyalty of C. E. D. A. to the Republic. Instead, therefore, of calling on Robles, the President called on Chapaprieta and, after his resignation, on Portela.

In the first days of December another political scandal for the moment overshadowed Chapaprieta's reform program. Don Antonio Nombala, former Inspector of Colonies, made the charge that he had been dismissed because he had refused to approve a steamship company's claim for 7,450,000 pesetas as indemnity for losses it sustained when the government withdrew its subsidy for service to Spanish Guinea. He accused Guilleno Marcno Calvo, Under-Secretary in Lerroux's Cabinet, of plotting to collect heavy commissions on the indemnity.

The Cortes immediately appointed a commission to investigate the charges. On the basis of its findings, after an all-night session on Dec. 8, the Cortes formally exonerated Ler-

roux by a vote of 196 to 70. On the other hand, it found Calvo guilty of "political responsibility" in the plot and referred the whole matter to the courts. The affair, like the Straus gambling episode, reacted unfavorably upon ex-Premier Lerroux's prestige and seriously weakened the influence of the Radical party.

In the meantime, the Ministry held out against the opposition of the Cortes. Despite the hostile atmosphere, ex-Premier Chapaprieta, who continued as Minister of Finance, carried on the refunding of the debt, reducing the interest from 5 to 3½ per cent, and pushed his budget proposals with redoubled vigor. The Catholic group was reluctant to pass the budget because of its provisions for heavy taxes on the rich, especially the landowners, who are the particular concern of the party. Opposition to administrative reforms developed also among former officials, Cabinet Ministers and civil servants, who saw their pensions threatened.

Other parts of the program were more acceptable. They provided for extensive public works, involving the expenditure of over $135,000,000, bringing "roads to every village and hamlet in the land," and establishing adequate water supply, drainage and irrigation systems. It has been estimated that 8,000 Spanish villages have no communication with the outside world.

Conspicuous in the history of the Spanish Republic during 1935 was the breakdown of constitutional guarantees. They were suspended almost constantly over much of the country, especially in the principal cities and towns. Even Madrid and Barcelona, instead of being allowed autonomy, as provided for in Article IX of the Constitution, with the power to elect their own Council and Alcalde, were ruled by the central government.

On the other hand, the aggressiveness of the Right and the evidence of its militant program aroused the Left to a sense of "the danger to the Republic." The Union of Workers (Socialists) and the National Confederation of Labor (Anarchists) arranged a working agreement which gave ex-Premier Azaña a powerful organization for the impending elections. Should the Anarchists abandon their policy of direct action and use the ballot, the new combination may prove sufficiently formidable to secure control of the government for the Left. The Socialists, who point in anger to the betrayal of the Republic by Lerroux and his Conservative party through his alliance with the Catholics and Monarchists of the Right, protest against the suspension, in the interest of the grandees, of land legislation, and loudly condemn the return of the Jesuits and the cordial relations with the Vatican.

Many constitutional reforms have been prepared, but passage has been delayed because, until the Constitution has been in operation four years, a two-thirds vote is necessary to amend it. On Dec. 9 this limitation expired, and the expectant Right was eager to enact its proposed changes, especially those relating to religion, the return of the Jesuits, the reopening of church schools and the striking out of Article III, which declares that "the Spanish Republic has no official religion." But because of the political confusion nothing could be done in this direction until after the elections.

The existence of a Spanish-Portuguese alliance, sponsored by Great Britain, was reported in December. For the first time since the establishment of the Spanish Republic an official representative of the Portuguese Government visited Madrid.

Czechoslovakia's New President

By FREDERIC A. OGG

EARLY in the afternoon of Dec. 14, the Presidential standard was slowly hauled down from the tower of Lany Castle near Prague as a signal that the venerable Dr. Thomas G. Masaryk, founder of the Czechoslovak Republic, had resigned the Presidential office which he had held with distinction for seventeen years. Four days later the emblem was run up again to signalize the succession of Dr. Eduard Benes, who during the same seventeen years had served as the country's Foreign Minister.

Strongly favored as successor by his old teacher and long-time collaborator, Dr. Benes was placed in the Presidency by the votes of 340 out of a total of 440 members of the National Assembly. The final choice was prefaced, however, by a considerable amount of party skirmishing, and at one stage it seemed possible that the government's plans would miscarry. After announcing his intention to retire, on account of advancing years and declining health, Dr. Masaryk delayed actual resignation until the election of Benes could be relied upon. In the interval Right Wing opposition, combined with the uncertain attitude of Konrad Henlein's pro-Nazi Sudeten German party, became so strong that the Cabinet of Premier Hodza offered its resignation. Instead of accepting it, Dr. Masaryk urged the Ministers to compose the differences among the coalition parties and prepare the way for a speedy election. Within three days the situation was cleared up.

The Czechoslovak Chief Executive is chosen in a joint session of the two houses of Parliament, by a three-fifths majority. In 1920 Dr. Masaryk was voted life tenure, but apart from this special arrangement the term is seven years—the period for which Dr. Benes was chosen on Dec. 18.

The retiring President's warm endorsement, coupled with the prestige and influence of Dr. Benes, had direct influence upon the National Assembly. Supporting the government candidate were not only the eight parties comprising the government coalition, but also the German Clericals, the Communists, the Slovak People's party and even a portion of the Hungarian minority party. The only positive opposition was offered by semi-Fascist groups headed by Dr. Benes's two most implacable personal foes, Kramars and Stribeny. These groups mustered a total of 24 votes and bestowed them upon Bohumil Nemec, a retired Professor of Botany in Prague University. The Sudeten German party, the Czech Fascist party and the diehard Hungarian minority handed in 76 blank ballots. Dr. Benes thus obtained 85 votes more than were required for his election—at what price in the way of political deals only the future can reveal.

Public demonstrations quickly approved the outcome of the election. Always a hard fighter, the new Chief Executive is roundly disliked in various quarters. But the Assembly's verdict undoubtedly confirms the retiring President's mature and dispassionate judgment and also reflects the country's general feeling that its destinies

are safer in the hands of Dr. Benes than in those of any one else. Born in 1884, educated at Prague, Paris, Dijon and Berlin, and for several years a teacher of economics and sociology at Prague, he is, like his predecessor, a man of high intellectual attainment.

POLISH TRUST BUSTING

Poland is governed largely by decree. Notable among the regulatory measures brought forward in December were several by which the Zyndram-Koscialkowski Cabinet launched a campaign against trusts and cartels fostered by previous governments. The method used was drastic reduction of prices of industrial products—a 15 per cent cut on oil products and a 20 per cent cut on coal. Some of the industries affected—particularly the two mentioned—are heavily backed by American, French and German capital, and from both Polish and foreign sources one hears that, after operating for two years without profit because of high taxes, the industries now face a complete shut-down. Many industrial leaders hold it would be better if the government took over the enterprises before they are ruined. Already, it is said, they have declined in operating efficiency because of the hesitation to invest new capital so long as the government's attitude—particularly toward foreign enterprises—continues uncertain.

Despite efforts by the government to maintain order, anti-Semitic outbreaks continued through the Autumn and Winter months, especially in Warsaw. Conservative estimates fix the number of killed at a score and of seriously injured at from 300 to 400. Large numbers of shops have been plundered and many arrests made. It was plausibly explained that the annual recurrence of outbreaks in the Autumn months is due to the ease with which young people who have recently left school and who have become demoralized by their newly-won freedom fall prey to anti-Semitic propaganda. In a long interpellation reciting the atrocities suffered, Jewish members of the Sejm pleaded in December for security of life and property. President Moscicki requested the Cabinet to adopt more effective measures for repressing the Nationalist hot-heads.

GREECE AWAITS ELECTIONS

When King George accepted the invitation to return to the Greek throne, he made it clear that he intended to "draw a curtain over the recent past." To the best of his ability he has lived up to his promise, and he has won commendation from widely differing political elements for so doing. Yet the King's first weeks on the throne witnessed not only an ill-concealed rivalry between the Monarch and Marshal Kondylis for actual control, but also a continuance of the tension between Royalists and Republicans that culminated on Dec. 17 in the dissolution of Parliament.

At the same time ex-Premier Venizelos has apparently reconciled himself to the new régime. On Dec. 4 he told a monarchist friend that if the King proved true to his good beginning, he would not only consolidate the throne but restore national unity, broken up twenty years ago. When, two days later, Venizelos learned that the Republican leaders Alexander Papanatassiou and George Kaphandaris had failed to cooperate with the King by accepting an invitation to a palace conference, he upbraided them roundly, and with perceptible effect. Venizelos has reiterated that he will never again take an active part in politics, his plan being to return to Crete and live there privately.

The Demerdsis Cabinet was con-

fronted with a critical situation on Dec. 16 when 166 Tsaldarist Deputies belonging to the Popular party demanded that Acting President Valanos of the National Assembly forthwith convoke a meeting of that body. The demand was not met and led to an act that had from the outset been insisted upon by the Republicans—the dissolution of the Assembly. A general election was then fixed for Jan. 26.

It was announced on Dec. 18 that special efforts would be made to insure a fair and free election. To this end, magistrates throughout the kingdom were to be given fifteen days' leave before the polling and their duties were to be taken over by the president of the court of first instance and of appeal in each district to supervise the electoral procedure. Police and military forces utilized for the maintenance of order during the polling were to be under the control of these judicial officers, who were also to preside over the committees charged with counting the votes. It was thought probable, too, that the election would be on the basis of proportional representation.

In view of King George's bold handling of Marshal Kondylis since the restoration, Premier Mussolini in the pre-restoration period of wire-pulling and maneuvering clearly backed the wrong man. Pledges of support for George's restoration as a pro-Italian sovereign were secured in Rome by the Marshal, and if the two men had seen eye to eye, George would probably have been restored in September as Italy's puppet. But it turned out that George not only was unwilling to accept a restoration until after a Greek plebiscite, but that he cherished decided pro-British sentiments and was likely to be of little use to Mussolini. It was this discovery that won for him both the support of British official circles and that of ex-Premier Tsaldaris and his followers.

YUGOSLAV INSTABILITY

With but a narrow margin of support in the Yugoslav Parliament, the Stoyadinovich government headed into new difficulties on Dec. 20, when Milosh Botich, Minister of Public Works, and Mirko Kimmenovich, Minister of Physical Training, resigned. Their posts were filled promptly, but observers believed that further trouble lay ahead. Leaders of the Serb Radical party were demanding nothing less than the resignation of the Premier himself. To embarrassments arising from dissensions among the government coalition parties were added those due to the upsetting of trade by sanctions against Italy, the ceaseless clamor of the Croats for autonomy and anti-Slav propaganda in Bulgaria, where the revolutionist Damya Veltchev was on trial.

A BULGARIAN POLITICAL TRIAL

A military court sitting in a suburb of the Bulgarian capital began on Dec. 18 the trial of former Premier Veltchev, head of the Officers' League, and twenty-eight other high officials on charges of plotting to overthrow the present Bulgarian régime. During the first days of the trial, Veltchev recounted at length his activities in recent years, warmly denying any connection with the alleged plot that in early October led the Toschev government to proclaim nation-wide martial law. In the popular view the trial was merely another round in the perennial struggle between the so-called Macedonian revolutionaries or pro-Italian, anti-Yugoslav influences behind the present government, and the advocates of rapprochement with Yugoslavia, of whom Veltchev is the leader.

Fascist Plotting in Estonia

By RALPH THOMPSON

LESS than a year after the Estonian Government suppressed a Fascist uprising engineered by the Front Soldiers' League, known also as the Liberators (see August CURRENT HISTORY, page 548), another would-be coup d'état by the same organization was discovered. On Dec. 8 a group of conspirators charged with planning to seize President Paets and other members of the government and to set up a régime of their own were surprised by police and loyal troops at a secret meeting in Tallinn.

Exactly who led the conspiracy is not clear; first reports had it that General Larka and Arthur Sirk, long prominent for their quarrels with the government, had been taken into custody, but later dispatches were contradictory. There seems to be no question that the plot was financed by Finnish Fascists, among whom Dr. Sirk has found refuge ever since he escaped from an Estonian prison in 1934. Some money and arms may have also been furnished by German Nazis.

At the time of the Tallinn raid the government was said to be once more planning a new Constitution, and later, in a New Year address to the country, President Paets hinted that soon there would be at least a partial return to democratic rule. But for nearly two years Estonia has been governed by a dictatorship because of Fascist "dangers"—which are still present, as recent events indicate; a new Constitution voted by the people in October, 1933, has never been made effective. So long as Estonian politics consists of one dictatorship defying another, mere promises of parliamentary government carry little weight.

GERMANY AND LITHUANIA

The establishment in Memel of a government generally satisfactory to German aspirations has not ended the tension between Berlin and Kaunas. Among the first results of the setting-up of a German-dominated Directorate was the replacement of various functionaries in the territory by persons more sympathetic to the new régime.

This was to be expected, since Directorates under Lithuanian control had acted likewise upon coming into office after a period of German ascendancy. The Lithuanian courts have ordained, however, that Memel office-holders must speak both Lithuanian and German, and hence certain of the new appointments are expected to cause trouble. The Kaunas government has already protested to Great Britain and France, guarantors of the Memel Statute, that Germans in the territory were attempting to wipe out all signs of Lithuanian sovereignty.

On Dec. 30, in an attempt to relieve the strain, the British Ambassador in Berlin was ordered to inquire whether Germany was disposed to exchange political prisoners with Lithuania. Should Germany reply in the affirmative, a step toward peace would be taken, for ever since the new Memel Diet met early in December pressure has been brought to bear upon President Smetona of Lithuania to release

the political prisoners sentenced in the course of the Memel treason trial.

BALTIC CONFERENCE

A non-committal communiqué was the only visible product of the third meeting of the Baltic Entente, held in Riga from Dec. 9 to Dec. 11. The Foreign Ministers of Latvia, Lithuania and Estonia announced that they had discussed the "general political situation," strongly endorsed the League of Nations and decided to seek collective representation on the League Council. Not a word in the communiqué referred even indirectly to home affairs, and it is believed that the relations of the three States are still uncertain. Lithuania continues to lean in the direction of the Soviet Union, Latvia toward Germany, Estonia toward Poland. In the case of Latvia, great significance is attached by some commentators to Riga's recent lifting of the ban on Hitler's autobiography, *My Struggle*, and to the signing of a German trade treaty.

The New Soviet Money

By EDGAR S. FURNISS

THE attempt of the Soviet Government to stabilize and unify its monetary system represents a movement of great social importance. It marks a new stage in the economic progress of the Communist experiment, and an advance in social welfare. But the real significance has been somewhat obscured by the most striking change—the abolition of the Torgsin stores.

These stores were organized ostensibly to improve the living conditions of foreigners, but really to create for the government a supply of foreign valuta and gold with which to meet obligations abroad. During the past four years the stores earned for the Soviet Government 270,000,000 gold rubles. The system immediately benefited foreign technical advisers to the Soviet Government, tourists and the staffs of embassies, and also some sections of the native population. Many Russians received remittances from friends or relatives outside the country, and others were occasionally able to secure gold trinkets or objects of similar character which were accepted as money in these shops.

Torgsin stores were well supplied with merchandise of good quality, including articles of ordinary use as well as luxuries unobtainable elsewhere. Prices were high, but the rates of exchange for gold and foreign currencies were favorable, while the mere existence of such unusual sources of supply protected the favored groups from the discomforts and privations common to the rest of the people.

The decree of Nov. 14, 1935, abolishing Torgsin did not attract immediate attention. It was postdated Jan. 1, 1936, and was to come into force on Feb. 1. Thereafter only Russian money will be accepted in the country, both foreigners and citizens alike being obliged to buy in the same market. All foreign currency must be exchanged for rubles at the State Bank at rates of exchange fixed by the decree. Since these rates give the dollar an exchange value of 5 rubles, as

compared with the former rate on the Black Bourse of 25 rubles, the significance of the new policy in terms of purchasing power is obvious.

For a time it was expected that the decree would be relaxed in favor of the staffs of foreign embassies and other privileged groups, but these hopes were destroyed by an official disclaimer on Dec. 29 of any intention to alter the exchange rate of 5 rubles to the dollar. As the meaning of the new policy became clear a wild scramble arose among those affected to withdraw from the banks their deposits of foreign money, and to spend the money at the Torgsin stores. Foreigners, particularly those connected with the embassies, still hope that the local stores will offer them a special range of prices. If this is not done and if the existing ruble prices hold good after Feb. 1, these individuals may expect to pay the equivalent of $2 a pound for butter. 60 cents for a loaf of bread, with other things in proportion—roughly a 500 per cent increase in their cost of living.

The effect of the new policy upon foreigners is not its most important feature, for the abolition of Torgsin is only an incident in the reorganization of the Soviet monetary system. Pure communism has no place for money as the term is usually understood, and Communist theory has always presupposed a disappearance of this capitalistic device. As until recently the internal economy of Russia did not operate in any thoroughgoing way on a money basis, it might have been possible for the Bolshevists to shape social development in either of two directions—toward communism with its direct exchange of services between the individual and the State, or toward the more traditional system of money incomes received and spent through a free market. That the Russians have chosen to move in the latter direction is evidence that real communism is still far distant. For the indefinite future at least Soviet Russia is committed to a socialistic rather than a communistic development, and one that will necessarily contain strong elements of individualism.

The construction of a stable money economy in the Soviet Union has required many far-reaching changes. The nub of the problem consisted in the fact that money payments were common in only part of the country's economic life, and even here the monetary unit had a diversity of purchasing power. Many payments were made in goods—payments to the peasants through their archaic cooperative stores, and to many groups of workers through requisitions on special retail shops or on community restaurants. The money in circulation even when it bore a common name—the ruble—was in reality composed of units of differing purchasing power; while the Torgsin stores accepted a conglomerate mass of foreign moneys.

The native ruble could have no definite monetary significance as long as ration cards and the system of "closed" shops existed for the convenience of large groups of people, since these practices gave the privileged classes access to provisions that were not available to many citizens, as well as special price concessions on many goods for sale in both the "closed" and the "open" shops. The value of the ruble thus varied with the social classification of the individual who possessed it, and there could be nothing like a general price level. Such practices had to be wiped out before a true money system could be established.

Viewed in relation to this monetary problem, many important acts of the

government during the past year are seen to be parts of a coherent program; for example, the reconstruction of the village stores and the creation of a free market in which the peasants buy and sell for money; the abolition of food cards in the cities and of the closed shops; the revision of the wage system involving the removal of all save cash payments to workers; the more recent destruction of Torgsin along with the acceptance of foreign moneys. The separate items in this program have been mentioned in these pages as they occurred. They have led to conditions under which payment in money is the rule, the money in use is all of one kind, and only one set of markets is available. Thus after years of uncertainty and confusion the Soviet Union has at last established its financial structure and is in position to stabilize its monetary unit.

The steps thus far taken are evidence of solid economic progress. They would have been impossible if the productive forces of the country had not been expanded far beyond the level of two years ago. A stable and plentiful agricultural development was necessary before food cards could be abolished; industrial production had likewise to expand before the market in village and city could function through a single set of stores. With other elements in the program, they reflect the measure of success in planned economy. The removal of Torgsin is a special case. Conditions have so far improved that the Soviet Government no longer needs to acquire foreign valuta in this way. Foreign trade debts, which amounted to 1,400,000,000 gold rubles in 1931, had fallen to 139,000,000 rubles in October, 1935. During the past three years the Soviet Union has had a favorable balance of 450,000,000 rubles in its total foreign trade, a symptom of decreased economic dependence on other countries. Domestic gold production, moreover, has expanded so markedly that Russia is now second only to South Africa and confidently expects in the near future to lead the world in gold output.

The rates of exchange established by the recent decrees give no clue as to the point at which Russian money will finally be stabilized. The theoretical gold ruble has a present value of almost 88 cents; on the speculative market the paper ruble is worth about 4 cents; while the official exchange value of the paper ruble has been set at 20 cents. The decrees, therefore, quote Russian money in terms of dollars at less than one-fourth its nominal gold value, but at five times its actual purchasing power. This means little to the Russian people as a whole, although, as we have seen, it is disastrous for the few whose incomes consist of foreign money.

What is significant is the level of commodity prices, that is, how much the irredeemable paper ruble will buy. Prices have fallen during the past year, but are still high—strikingly so when compared with money wages. The standard of living is correspondingly low, beyond anything known to Americans. But the Soviet authorities do not believe that they have anchored the ruble to the existing level of prices. On the contrary, now that they have consolidated their monetary system, they expect further stabilization to result in progressive increases in the purchasing power of the ruble until in time it may come to have a real value more or less equivalent to the artificial value they have given it in terms of foreign money. The government no longer needs to pay its bills with new issues of paper

money. and can even begin retiring some of the notes in circulation. Such a policy would obviously raise the value of the ruble, but the chief reliance must be placed on the continuance of progress in production that made possible the steps already taken toward stabilization.

A glance at the record of Soviet industry and agriculture for 1935 will explain the country's optimism. There was a record harvest, not only of grains but of other basic commodities. Industry in general has run ahead of schedule with many branches far exceeding expectations. As compared with 1934, total industrial production in 1935 increased over 20 per cent; heavy industry over 25 per cent; consumers' goods over 16 per cent. The transportation system, long the weakest factor in Soviet industry, reached its schedule figures for the first time since the Revolution.

A dramatic picture of the year's achievements was given in December by Commissar Ordjonikidze by comparing the production figures for 1935 with the forecasts made by Lenin in 1925. Lenin's predictions seemed fantastically optimistic, but they have all been far surpassed. For example, Lenin scheduled coal production for 1935 at 62,000,000 tons; the output was actually 108,000,000 tons. Oil production in 1935 totaled 25,000,000 tons as compared with Lenin's prediction of 16,000,000; iron ore totaled 27,000,000 tons instead of 19,000,000; steel 12,500,000 tons instead of 6,500,000 tons; and so on throughout the various branches of heavy industry. Light industry, too, has outstripped earlier expectations.

Perhaps the salient feature of the year's record is the lowering of labor costs—in other words, the increase of productivity per worker. If the expansion of Russian production were due solely to an increase in the number of laborers it would obviously mean little in terms of improved living conditions. But if official estimates are reliable, production costs fell during 1935 by approximately 18 per cent.

This phase of the year's experience has given rise in Russia to great excitement over what is called "Stakhanovism." A coal miner named Stakhanov discovered what has long been a commonplace in American industry—that individual production would show great gains if the laborer adopted efficiency methods in the use of tools and the expenditure of his own energy. Applying his newly acquired knowledge, Stakhanov began to produce unprecedented quantities of coal and at once became a national hero. His discovery was trumpeted through the press, and "Stakhanovism," spread by emulation and governmental decree, was heralded by enthusiastic Communists as a peculiar virtue of their system. Naïve as was this popular reaction, the movement itself, or rather the decline of production costs which has resulted from it, is significant. It means that the Russian peasant, recently transformed into an industrial wage earner, is beginning to master the technique of highly mechanized industry, and is thus becoming an efficient productive agent in the sort of society that the Bolshevists are constructing.

The future of monetary stabilization in Russia and the experience of the Russian people in terms of material comfort will be decided by the record of production. The successes of 1935 have led the Soviet Government to expect and promise their people rapid increases in purchasing power. Monetary stabilization, therefore, is only the beginning of a process of vital consequence to human welfare in Russia.

Self-Government in Palestine

By ROBERT L. BAKER

PALESTINE is soon to have a share, even though only a modest one, in its own government. The establishment of a Legislative Council, nearly half the members of which are to be elected, was announced by General Sir Arthur Grenfell Wauchope, the High Commissioner, on Dec. 22. Thus after more than fifteen years of rule by British officials, and despite the limited powers of the Council, a definite step is being made toward the main objective set up by the League of Nations for the Class A mandates of Iraq, Syria and Palestine, namely, the development of self-governing institutions.

An attempt was made as far back as 1923 to establish an assembly in Palestine with elected Jewish and Arab members, in accordance with a provision in the British Order-in-Council of 1922. The Arabs then opposed the measure on two grounds: First, that their cooperation would imply acceptance of the British mandate and the Jewish National Home; second, that the system of representation was unfair to them. They boycotted the elections and the attempt was abandoned.

Further promises of a Legislative Council were made in the Passfield White Paper of 1930 and by the present High Commissioner late in 1932 and again in 1934, when he said that one would be established as soon as the Municipal Councils set up in that year had proved their usefulness.

Despite solid Jewish opposition and Arab criticism, the British Government has been encouraged to create the Council now by a number of factors. The Municipal Councils have been satisfactory. The country has enjoyed remarkable prosperity during the depression years. And most important, the relations between the Arab and Jewish communities have been comparatively peaceful for several years. A growing Arab agitation for independence, which was stimulated by the success of the Egyptian Nationalists, may also have influenced the decision.

In proclaiming the establishment of the Legislative Council the High Commissioner made it clear that non-cooperation would not be permitted to defeat the project as it had in 1923. If any section of the population of Palestine should refuse to participate in the elections he would appoint British officials or other representatives to fill the vacant seats.

The Council, for which elections will soon be held, is to consist of twenty-eight members, of whom fourteen will be Arabs, seven Jews and seven British appointees. Three of the Jewish members and nine of the Arab members are to be elected. The term of the Council will be five years and no redistribution of seats is contemplated during the life of the first body. All persons who have lived in Palestine for two years or more will have a vote in the coming elections, but thereafter only Palestinian citizens will vote.

Subjects reserved to the government include international obligations, the budget and the immigration quota, although the last two may be discussed by the Council. The High Commissioner retains the right to

veto any measure passed by the Council.

Sir Arthur Wauchope, before issuing his communiqué, summoned the Jewish and Arab leaders on separate days and outlined to them the form in which the Legislative Council is to be established. The Jewish representatives flatly refused to participate under present conditions, while the Arab leaders asked time to consider the plan.

Dr. Chaim Weizmann, president of the World Zionist Organization and of the Jewish Agency for Palestine, on behalf of the Jewish community made the following statement: "To intrust legislative power, in whatever measure, to those [the Arabs] openly rejecting and defying the mandate of the League of Nations and the establishment of the Jewish National Home must undermine the mandatory régime." He added, however, that, while opposing the establishment of the Council, the Jews would continue to cooperate with the Palestine Government in other matters.

David Bengurion, chairman of the Jewish Agency Executive, another Jewish spokesman, prophesied that the Arabs would use the Council as an arena for anti-Jewish propaganda, for fighting Jewish immigration and sales of land to Jews. He asserted that "while the Jews are still a numerical minority in the country, the Legislative Council is contrary to the spirit and the letter of the mandate of the League of Nations which entrusted Britain with the order to assist in the establishment of a Jewish National Home in Palestine."

The Executive of the World Zionist Organization, meeting in Jerusalem on Dec. 26, called for the mobilization of World Jewry to resist the establishment of the Council, on the ground that a constitutional régime in Palestine at the present time would gravely jeopardize the progress of Jewish immigration and settlement.

During 1935 the number of Jewish immigrants to Palestine totaled 61,541, an increase of nearly 50 per cent over 1934, the next highest year. Of these, more than 25,000 were Polish Jews and 4,525 were in the capitalist class, that is, they possessed fortunes of $5,000 or over. The Jewish population is now estimated at about 375,000, while the Arabs are believed to number about 800,000.

EGYPT'S VICTORIOUS STUDENTS

Egypt's old Constitution, promulgated in 1923, thrice suspended and finally superseded in 1930, was restored by King Fuad with Great Britain's consent on Dec. 12. This surprising event occurred only a month after Sir Samuel Hoare, then British Foreign Minister, had publicly pronounced the 1923 Constitution "unworkable."

The credit for bringing about this great change in the Egyptian situation belongs almost wholly to the rioting students of Cairo who, despite several casualties from gunshot and numerous broken heads, persisted in their demonstrations until the British Government gave in. An unprecedented united front of Egyptian leaders of all parties had undoubtedly made the demand for the return of the old Constitution too serious to be ignored. But even the united front was the work of the students, who brought irresistible pressure to bear upon the various leaders.

The students resorted to direct action in making the hitherto intransigent old politicians forget their past differences. A delegation of several hundred students would proceed to the home of a refractory party leader, force their way in if necessary, and

deliver their ultimatum. The failure to comply with their demands meant the wrecking of his home and violence to his person.

Now that the students have tasted the fruits of victory they appear determined to continue their agitation until their major aims have been achieved. Those objectives are real independence for Egypt and an Anglo-Egyptian treaty of alliance.

After winning consent to a restoration of the old Constitution, both the students and the united front focused their attention on the treaty question. Great Britain was urged to agree to the resurrection of the abortive Treaty of 1930, the most generous of the three that have been offered to Egypt. Here, however, difficulties began to appear. Conditions in the Mediterranean and in East Africa have changed greatly since 1930 and the British are not at all sure that the draft of that year affords them adequate protection. Foreign Secretary Eden met the agitation by declaring that he must have time to study the problem thoroughly. In Egypt there were signs that the treaty question might destroy the united front, since Nahas Pasha, leader of the Nationalists, has declared that his party would negotiate with the British.

Nessim Pasha, the Premier, promised on Dec. 17 to put the 1923 Constitution into effect as soon as possible and to hold elections without undue delay. Two days later he promulgated the election law of 1923 with few modifications. It is expected that Egypt will go to the polls in the Spring and that the new Parliament will meet by May.

A NEW MINISTER TO TURKEY

The appointment of John V. A. MacMurray to succeed Robert P. Skinner as United States Ambassador to Turkey was announced in Washington on Jan. 4. Mr. MacMurray is a veteran career diplomat who was appointed Minister to the Baltic States in 1933. After entering the government service in 1907 he held posts in Bangkok, St. Petersburg, Peking and Tokyo, and from 1925 to 1933 he was Minister to China. At one time he served as Chief of the Division of Near Eastern Affairs in the State Department.

Anxiety over the international situation led the Turkish Government to introduce in the Grand National Assembly on Dec. 21 a bill calling for the appropriation of about $17,500,000 to strengthen the Turkish air forces. This amount is distinct from the normal appropriation for military aviation and is to be raised by a 2 per cent tax on all salaries. It is the fourth levy to be imposed on Turkish salaries.

FASCISM IN SYRIA

The recently formed Syrian National party, which has Fascist aims, is reported to have grown during the past year to a membership of 15,000. It is strictly confined to Syrians, no Arabs being admitted. Most of the members are young and wear gray shirts. The party's plans include the improvement of Syria and the unification of all the territory under British and French mandates that was once a part of ancient Syria. Its leaders emphatically deny any connection with foreign agents, though it has been rumored that they have received subsidies from Germany and Italy. The French authorities have not attempted to suppress the organization but have arrested Antoun Saadeh, its leader, and thirty-nine prominent members, because of their failure to register the party as required by law.

North China in Transition

By GROVER CLARK

THE Chinese Government at Nanking on Dec. 12 appointed a "Hopei-Chahar Political Council" as a stop-gap settlement of the "autonomy movement" in North China. Headed by Sung Cheh-yuan, who has been to the fore in North China affairs since last Summer, this Council consists largely of members of the notoriously pro-Japanese Anfu clique which controlled the Peiping Government from 1917 until it was driven from office by student protests in 1919.

This settlement, which satisfied no one, came after months of increasingly excited talk and loud assurances by the Japanese that the "autonomy movement" in North China was spontaneous and something with which they had nothing to do. A long series of demands had been presented by the Japanese, which the Chinese made strenuous efforts to avoid accepting. It followed the fiasco of an "autonomous administration" in the thirteen counties near the Great Wall, and separate but simultaneous warnings on Dec. 5 by the United States and Great Britain that they were watching Japanese moves in North China and that they would disapprove any violation of treaty rights. Finally, there had been spectacular anti-Japanese demonstrations by students in Peiping and other cities. After all this came the Hopei-Chahar Political Council.

The Council was formally inaugurated at a semi-secret ceremony early in the morning of Dec. 18. The inauguration had been scheduled for Dec. 16, but student demonstrations in Peiping that day frightened most of the members into staying at home. Fear of student opposition was the explanation of both the hour and the secretiveness of the ceremony when it did take place.

Even the Japanese military leaders in effect repudiated this abortive offspring of their demands. Two days after the appointment of the Council and four days before its formal assumption of office the Japanese commander at Tientsin told the newspapers that it was very doubtful whether the new administration could accomplish anything, and added that if it proved its unfitness "the urgent task of sweeping changes will naturally become necessary."

There seems to be no agreement as to the authority of the new Council and how independent of Nanking it will be. The Japanese wanted a Council set up first, and then formally recognized by Nanking. Actually, the Council was appointed by Nanking. The Japanese insist that the Council rather than the Nanking Government is the body with which they are now to deal exclusively in discussing North China questions; Sung Cheh-yuan, Chairman of the Council, when asked by Japanese agents to make definite decisions on certain points, replied that these questions must be referred to Nanking. Sung also told students that the position of the new Council was comparable to that of the Council for the Southwest at Canton.

The new régime obviously is much less than the completely independent five-Province administration that the Japanese let it be known they wanted.

On the other hand, it is equally far from an administration, free from Japanese domination, that the Chinese unquestionably would prefer. Exactly where it fits between these two extremes it is impossible to say; its actual position will shift toward one side or the other according to the success of the Japanese in pressing, and of the Chinese in evading, their demands. Only one thing seems certain--nothing approaching a "once and for all" settlement, such as Nanking is reported to desire and to be ready to make, has been reached.

While the Japanese Army chiefs talk of the probable necessity of "drastic action" in the Peiping-Tientsin area, they have taken such action further north. During December Manchukuoan troops, assisted by Japanese soldiers, trucks loaded with ammunition, and airplanes, moved westward from the borders of Jehol Province. They demanded control over six counties in Eastern Chahar Province, so that "peace might be maintained in Jehol." In some cases they met stubborn resistance, but in due course Kuyuan and several other border towns were occupied, and a substantial detachment of Japanese troops moved into Kalgan, the Chahar capital, though formal control of the city was not assumed. The Japanese hand in the Manchukuoan glove now holds a tight grip on the railway and the old caravan routes to the north and northwest from Peiping to Inner and Outer Mongolia.

Despite all this, General Minami, Japan's Ambassador-Commander in Manchukuo and the actual ruler of that territory, told *The New York Times* correspondent on Jan. 8 that "North China will always remain under Chinese sovereignty"; that it is a "great mistake to suppose North China will be added to Manchukuo or become a 'second Manchukuo'." He realized, he said, that events were causing "misunderstanding of our real objectives," and so he had issued the "strictest instructions to the Japanese Army to do nothing further to cause misapprehension among the Chinese people."

Ten days earlier the reorganized government at Nanking had formally announced that Japan had agreed in principle to China's proposal that the relations between the two countries be readjusted through diplomatic channels, adding that "thus friendship between Japan and China will be improved and relations between the two countries regularized" — a statement which, according to a War Office spokesman in Tokyo, the Japanese Army will not take at its face value because "Japan is not interested in the declarations of the Chinese Government, but in its deeds." Certainly events of the past four years and more have shown how reliable the words of the Japanese spokesmen are as forecasts of the actions of the Japanese military.

CHINESE STUDENT AGITATION.

Peiping students on Dec. 9 once more took upon themselves the rôle of voicing Chinese opposition to Japanese pressure, as they had taken the lead in similar agitations in 1919 and 1931. As in the earlier years, too, the students of other cities were quick to follow the lead given by Peiping. Parades, calls on officials, street-corner haranguing and other activities by the students urged not simply refusal to yield to Japanese demands, but the mobilization of the nation's armed forces for open war against Japan. The police in Peiping broke up some of the parades, and while no students were killed, a hundred or more had to be taken to hospitals.

Police brutality drew scathing condemnation from school authorities.

In Peiping, Tientsin, Kaifeng and Shanghai the students demanded free railway transportation to Nanking so that they could appeal to the government to fight Japan. They got such transportation in 1931. This time they were refused. When 2,000 or more who had piled into two trains at the main station in Shanghai would not get out, the railway authorities had the trains hauled thirty miles or so toward Nanking and then left on a siding.

The Japanese vigorously demanded that the anti-Japanese agitation be stopped, and referred, not always vaguely, to "drastic action" if it were not. The Chinese authorities, however, knew that the killing of any students in attempts to suppress the demonstrations would set off a more dangerous flare-up. A considerable number of the students were arrested and held for a time, but, except for the police brutality in Peiping, the Chinese authorities seem to have let the students blow off steam without much attempt at interference.

The usual talk of Communist agitation went the rounds, but there is little doubt that this outburst of student feeling expressed the strong dissatisfaction with successive submissions to Japan that exists in China. The students did not get the government into war with Japan; their agitation did not even prevent the creation of the semi-autonomous Hopei-Chahar Council. Nevertheless, it has had at least one significant result—it has destroyed for the present the possibility of any formal Chinese consent to changes that Japan may bring about by force. Without that consent no agreement that may be made will be final or definitive.

Student agitation did not prevent the Paris Peace Conference from assigning to Japan in 1919 the former German holdings in Shantung, but it did keep China from signing the Versailles treaty, and so left the way open to the transfer of these holdings to China in 1922. Student demonstrations in the Winter of 1931-32 were an important factor in keeping the Nanking authorities from validating Japan's advance into Manchuria by yielding to the Japanese demands that a bilateral settlement be made independently of the League. Because of this Chinese refusal the whole question of the status and future of Manchuria remains open, legally as well as practically.

CHIANG KAI-SHEK'S POWER

Chiang Kai-shek has been the real power at Nanking for some time, but he has stayed at least nominally in the background. Now he has openly assumed the chief responsibility for the government at Nanking, by having the new Central Executive Committee of the Kuomintang elect him Premier or President of the Executive Yuan. Chiang dominated the Kuomintang gathering in November that chose the new Executive Committee. He dominated the first plenary session of the new committee. Now he openly dominates the government.

Besides being Premier Chiang Kai-chek is also vice chairman of the standing committee of the Central Executive Committee and of the Central Political Council. He continues as chairman of the Military Affairs Commission. Since it is distinctly doubtful whether Hu Han-min and Wang Ching-wei will serve actively as chairman of the standing committee and of the Central Executive Committee to which they have been elected, Chiang for all practical purposs holds the most important posts in the government, as well as in the Kuomintang (Nationalist party).

In the Cabinet proper, H. H. Kung remains as Minister of Finance, Ho Ying-chin as Minister of War, Chen Shao-wan as Minister of the Navy, and Wang Shih-chieh as Minister of Education. The Foreign Office has been given to Chang Chun, who for some years has been doing odd jobs as Provincial Governor, Committee Chairman, and what not. The Ambassador to Japan, Chiang Tso-pin, one of the old Anfu clique, becomes Minister of the Interior. Two of China's most distinguished bankers, Chang Kia-ngau and Wu Ting-chang, become respectively Minister of Railways and Minister of Industry, both having for years refused to take a political post.

This Cabinet is distinctly stronger on domestic affairs than its predecessor, but the weakness in the Foreign Office is of little importance because Chiang himself will want to deal with foreign affairs. The presence of the two bankers in the Cabinet probably means that some understanding has been reached by which the Chinese banking fraternity will have a larger voice in governmental affairs. The new Cabinet formally assumed office on Dec. 16. Chiang, in his first official pronouncement was carefully non-commital about relations with Japan.

Nine days later, on Christmas morning, assassins shot down Tang Yujen, Vice Minister of Railways. Tang had been Vice Minister for Foreign Affairs under Wang Ching-wei, and was known to be very pro-Japanese. His death so soon after the attempted assassination of Wang caused a good deal of uneasiness and brought new Japanese demands for the suppression of anti-Japanese agitation.

Now that Chiang has openly assumed the responsibilities of control at Nanking, he faces an extremely difficult task, what with increasing pressure from Japan, more outspoken dissatisfaction in China with concessions to Japan and growing financial and economic troubles. For the Winter at least, the so-called Communist revolts probably will remain quiescent, which will give Chiang a chance to stay at Nanking. If there were any other group in China that was even moderately coherent and strong, quite possibly Chiang and his associates would soon be out of office. But Chiang has seen to it that no such group developed, and his chances of staying in power are therefore good.

JAPANESE AFFAIRS

An important official change was made in Japan on Dec. 27. Viscount Makino resigned as Keeper of the Privy Seal, and Viscount Makato Saito, former Premier, was appointed in his place. The holder of this position exercises great influence because he stands close to the Emperor. Saito has liberal leanings, but without being as agressive as Makino. Saito's appointment is a distinct disappointment to the jingo and extremely nationalist group. The plans for the change, made necessary by Makino's illness, were kept secret to avoid agitation by this faction.

The American State Department reported on Dec. 23 that Japan had agreed voluntarily to hold down to "moderate levels" the volume of cotton textile exports to the United States. This was a confirmation of a self-imposed restriction already in force. The new "gentlemen's agreement" follows the one made five months ago covering Japanese textile exports to the Philippines. In both cases, the Japanese are seeking to head off the growing demand in the United States for stringent legislation to stop a flood of cheap Japanese goods.

On the Margin of History

Cellar Satirists

Open discussions of politics are heard much more in the cafés of Vienna than in those of Berlin and Rome. Although Prince Starhemberg still keeps many of Austria's opposition leaders in prison, and the press is well-muzzled, considerable tolerance has been shown by the secret police toward a cellar cabaret where the customers are diverted with satirical skits on one-man rule in general and on Starhemberg's in particular. The management is careful, however, to camouflage gibes at the régime by enveloping them in a fairy story or in a burlesque pretending to deal with some long-dead dictator.

Irish Folklore

The Irish Free State has gone very seriously about the task of preserving as much as possible of Old Ireland for posterity. Folk tales, old sayings, songs, traditional beliefs, cures, superstitions, blarney and all other survivals are being put down in black and white before they become irretrievably lost. Already 50,000 pages of bound manuscript have been filled by the hundreds of voluntary workers who are aiding the Folklore Commission. It is calculated that in ten years' time the collection will fill fully 500,000 pages. The workers have met with an enthusiastic response on the part of the people. A farm laborer, for example, filled two books with his stories, and an old farmer walked twelve miles to find a school teacher to write down what he had to tell. A priest has collected 500 folk tales, many of them heretofore unrecorded.

British Parliamentary Rights

On Nov. 27, the day after the newly elected British Parliament assembled, the Commons once more, with traditional ceremony, laid claim through the Speaker to all the "ancient and undoubted rights and privileges, especially to freedom of speech in debate, to freedom from arrest, and to free access to His Majesty whenever occasion shall require." After the Lord Chancellor, in behalf of the King, agreed, the Speaker returned to the Commons and informed them that their prerogatives had been allowed and confirmed by the King "in as ample a manner as they have ever been granted or confirmed by himself or by any of his Royal predecessors." Thus does the "Mother of Parliaments" pursue its way while fascism elsewhere suppresses representative institutions.

War Pensioners in 2050 A. D.

On June 30, 1935, there were four persons in the United States receiving pensions for services rendered by soldiers in the war of 1812. They were widows who had married soldiers two or three times their age and who, under the generous law of 1878, fell heir to their husbands' pensions. If Congress should make such liberality a precedent, there might probably be forty World War pensioners in the year 2050 A. D. —all of them veterans' widows, who will not be born until 1945 or later.

A Regionalized America?

Defenders of States' rights face still another challenge from the New Dealers. A committee of the National Resources Board, of which Secretary Ickes is chairman, proposed on Dec. 23 that the United States be divided into ten or twelve regions, each with a subcapital, for the purposes of better interstate planning. The committee pointed to the present lack of State powers in regard to water use and control, land use, erosion and mineral policies when such problems transcend State lines; "production areas, manufacturing areas, lines of transportation, corn, cotton, citrus, coal, watersheds and timber are no respectors of political boundaries, yet may create

problems that require public attention." The regions and their subcapitals tentatively selected are: New England, Boston; Eastern, New York; Ozark-Appalachian, Knoxville or Nashville; Southern, Atlanta; Gulf Coast, New Orleans; Midwestern, Chicago; Ohio Valley, Cincinnati; Great Plains, Bismarck or Omaha; Great Lakes, St. Paul or Duluth; Intermountain, Denver or Salt Lake City; Pacific Northwest, Portland, and Pacific Southwest, San Francisco

Another Kind of Nazi Purge

Not all Nazi purges involve bloodshed, and one, at least, might profitably be emulated in Western Europe and America. That is the wholesale elimination of antiquated laws from the statute books. Thousands of obsolete ordinances and laws, some dating from the sixteenth century, have already been discarded by the Nazis, and thousands of others are being scrutinized by eagle-eyed judges. Among the laws recently scrapped was one, nearly 200 years old, that forbade smoking in the streets of Berlin

From Cabin Boy to Viceroy

"On the day I was appointed Viceroy [of India] I recalled with a flash of memory * * * the day when after being moored to a quay at Calcutta awaiting a cargo of jute, I stood under the fo'c'sle head taking my small part in heaving away on the capstan bar, hauling in a rope in order to pull ourselves to the middle of the river and pass along a hawser to the towboat." When Rufus Daniel Isaacs, first Marquess of Reading, indulged in this bit of reminiscence he had gone through much since boyhood days when he ran away from his London home and went to sea. He had been a stock broker, and then taken up law. At the age of 44—he was born in 1860—he became a member of Parliament, but he shone more as a lawyer than as a politician, and it was at the bar that he achieved pre-eminence. In 1910 he became Solicitor General; soon afterward he was Attorney General and in 1913 he became Lord Chief Justice of England. The years were rounded out as Ambassador to the United States and, still later, as Viceroy of India. Along the road to fame he had received a knighthood and in 1914 a peerage. His death on Dec. 30, 1935, ended the career of a man who had played no small part in maintaining Britain's imperial greatness during years of storm and stress.

No Ethiopians

Not a single Ethiopian was among the 17,291 quota immigrants who entered the United States during the fiscal year ended June 30, 1935, although Ethiopia is allotted 100. Nor were there any immigrants from Afghanistan, Andorra, Liechtenstein, Muscat, Nauru, Nepal, New Guinea, Saudi Arabia, Siam, Southwest Africa or Yap. Eight Japanese obtained entrance, as did 42 Chinese. The largest number came from Germany (4,653); next in order were Italy, Great Britain, Poland and Austria. The Irish Free State, with a quota of 17,853, sent only 322 immigrants Only 11 per cent of the possible maximum number of immigrants from all countries obtained admission, with Turkey, Spain and the Philippine Islands alone exhausting their quotas.

Printer's Woe

The British Act of Parliament setting up the new Indian Constitution has already had to be reprinted eight times because of errors in grammar and typography, and the text is said to be still far from perfect. The act, incidentally, is one of the longest ever passed by Parliament.

Federal Theatre Project

The United States Government has gone into the theatre business, at least in so far as that is involved by a WPA grant for theatrical workers. While the Federal Theatre Project is national, for practical reasons it is regionalized. Elmer Rice, director of the New York project, reported at the end of 1935 that about 3,350 workers were already enrolled in his region. Of these, "60 per cent were actors, 10 per cent to 15 per cent stagehands and technicians, and 5

per cent to 10 per cent newspaper men and playwrights." Mr. Rice insists that the aim is more than that of relief; it is "to represent the theatre in all its aspects, but more particularly to emphasize the value of the theatre as an art-form, as an instrument of culture and as a factor in the social development of the community."

Evading the Spanish Censor

Spain is one country where newspapers in the Provinces have an advantage over those of the capital. This is because a "state of alarm," a mild form of martial law, is maintained in Madrid, and a strict censorship is imposed on the press. Although the people of Madrid have seventeen daily papers to choose from, many now subscribe to the newspapers of Barcelona, Seville, Salamanca, Valladolid, Cadiz and other Provincial cities where there is no censorship. Until recently, one prominent Madrid paper, which publishes an edition in Seville, regularly advised its readers to "buy our Seville edition tomorrow," but the censor forbade the notice.

New French Mediterranean Base

The French as well as the British have been obliged to revise their Mediterranean strategy in view of possible trouble with Italy. They have decided that Bizerta, their chief naval base in Northern Africa, is vulnerable, especially to Italian air attack, since it is only 150 miles from the air bases in Sicily and Sardinia. Bizerta is also believed to be insecure because it is in Tunisia, where half the population of 200,000 is Italian. The French have therefore begun construction of a new naval base at Mers-el-Kebir, near Oran, in Western Algeria, at a cost of about $18,000,000. Bizerta will not be abandoned, but the new base will supersede it as African naval headquarters.

Fur Seals Multiply

So great had the slaughter of fur seals in the Pacific become that by 1911 the herd numbered only 250,000 head. On Dec. 14 of that year the British, American, Japanese and Russian Governments signed a treaty prohibiting pelagic sealing, that is, the killing of seals in the open sea, and permitting hunters to take only 3-year-old bachelors, easily distinguishable because they remain apart from the herd An exception was made in favor of the coastal Indians, who were allowed to kill seals for their own use if they did not use firearms. Since the treaty was signed, the herd has grown to more than 3,000,000, with an estimated value of $66,000,000. The proceeds of the annual auction sale of the pelts are shared by the United States, Great Britain and Japan, Soviet Russia having dropped out of the agreement.

Military Orators in Ethiopia

Among Ethiopia's weapons of war is oratory. When war with Italy broke out masters of rhetoric were sent throughout the land to declaim the glories of the Conquering Lion of Judah's arms and to call upon the able-bodied males to fight the invader. But these orators also accompany the fighting forces and try to undermine the morale of enemy troops by sheer lung-power. Before attacking an outpost or camp the Ethiopian orators shout from all sides of approaching annihilation. By day or night, for hours or for days, the harangues continue until the tribesmen swoop upon the foe like lightning with gun, spear and knife.

Liberia's New President

Edwin Barclay, reinstalled as President of Liberia on Jan. 6, has long been prominent in the government of that unhappy Negro republic. When in December, 1930, the United States protested against conditions in the country, both President King and his Vice President resigned, and Mr. Barclay, as Secretary of State, provisionally assumed control. Formally elected to the Presidency a few months later, he began to work for improvements demanded by the League of Nations and by the United States—the abolition of slavery, the introduction of adequate sanitation and financial reform. In May, 1935, Mr. Barclay was

re-elected President, and a month later Washington again extended diplomatic recognition. He will remain in office until 1943, for the Liberian Presidential term has now been extended from four years to eight.

Uncle Sam—Employer

The Federal Civil Service, which numbered 49,200 in 1861 and 443,605 in 1913, had by Oct. 30, 1935, grown to 796,297. Of these jobs more than a third were "non-competitive," and did not include the CCC, the army, navy and marine corps, or PWA and WPA workers. The figure, however, was exceeded by the wartime peak of 917,760 in 1917. The Federal payroll for October was over $115,000,000. Although most of the salaries paid by the government were quite modest, in May, 1935, there were 989 salaries of $10,000 or over and 7,223 jobs that paid between $5,000 and $10,000.

Who Pays Income Tax?

Of the 130,000,000 people in the United States only 3,988,269 filed income tax returns in 1934. Of them, 2,230,817 had an average income of $1,899 and paid no tax. Another 1,337,971, with incomes under $5,000 and averaging $2,427, paid taxes. Incomes of $25,000 or less accounted for over 99 per cent of all returns and for over 60 per cent of the taxable income. On the other hand, 32 persons had incomes of over $1,000,000.

WPA Fan Dancer

The story started in Minneapolis when a fan dancer lost her job at a night club. Somehow or other, so it was said, the young lady got on the government payroll and was assigned to entertain CCC camps with her fan dancing. When the story reached Washington, it turned out to be simply not true. No fan dancer is on the WPA, CCC or any other government payroll. An official at the CCC headquarters said: "We do have some entertainers in our camps, but they're furnished by the WPA from lists of needy actors. Most of the plays they do are from Shakespeare. It's probably true—but don't use my name—that the boys would welcome a fan dancer for a change."

Nazi Propaganda in Persian

The Nazi leaders, with their eyes on the East, are responsible for establishing at Teheran, capital of Iran, a German propagandist daily newspaper, called the *Irane-Bastan,* with a fortnightly edition in Persian. The editor is Major von Viebahn, director of the "Commercial-Political Office of the Nazi party," which is supposed to be connected with Herr Rosenberg's Foreign Political Office. Von Viebahn's office also edits a similar newspaper for circulation in Northern India.

The Treasury's G-Men

More than 400,000 tax evaders were caught by Treasury Department investigators during 1935 and forced to pay about $30,000,000. A special staff of 3,400 investigators is engaged in checking back returns, while a "boom squad" collects information about incomes, both of individuals and of firms, that are expected to show increases when returns are filed in March. The "boom squad" seeks clues in real estate transfers, bank accounts and dealers' lists of sales of automobiles, jewelry, furniture and other high-priced goods. Many tips are received in anonymous letters, from business rivals and from discharged employes.

A Japanese Liquor War

The Westernization of Japan proceeds apace. Late in 1935 the Japanese Ministry of Education deleted from a widely used school reader the ancient story of the child who obtained through heavenly intervention a drink of that potent liquor sake for his impoverished and ailing father. According to official sources, the famous allegory was dropped merely to make room for new material, but the Women's Good Morals Society and the Japan National Prohibition League had long fought against it. To restore the tale to favor a counter-campaign was recently launched by the producers of sake.

CURRENT HISTORY

MARCH 1936

Rivals in the G. O. P. Camp

By ERNEST K. LINDLEY*

THE struggle for control of the Republican party may well be regarded as the most significant political phenomenon of the first half of 1936. The New Deal has been unfolded. Shunning new action, President Roosevelt is engaged in trying to consolidate his position within the limitations prescribed by a majority of the Supreme Court. The initiative now rests with the opposition, and, despite possible defections at the extremities of both parties, it is evident that the main vehicle of opposition will be the Republican party. Its nominee and platform not only will determine in large degree the character of this year's campaign but will affect the future composition of both major parties and, probably also, the development of third parties.

During the first two years of the Roosevelt administration, most Republican political leaders were discussing the campaign of 1936 in terms of 1940. The smashing Democratic victory in the Congressional and State elections of 1934 reinforced the belief that Mr. Roosevelt was almost certain to be re-elected. But, in 1935, the Republicans were lifted out of a state of resignation by their lop-sided victory in the First Congressional District of Rhode Island, followed by success in recapturing the New York State Assembly and in winning a number of local elections in the New England, Middle Atlantic and East Central States.

All manner of test polls have indicated the waning popularity of the New Deal. Most political observers consider Mr. Roosevelt stronger than the New Deal; with shrewd management and luck, he might win another overwhelming victory; but his re-election is no longer a foregone conclusion. Accordingly the competition for the Republican nomination for President has taken on new life.

Mr. Roosevelt is harassed by rebellious Democratic State administra-

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tions in Georgia and Louisiana, but nothing approximating a general Southern uprising against the New Deal now seems probable. In a broad sense, the practical task of the Republican party is to re-establish the alliance of Eastern manufacturing, commercial and financial interests with Western farmers on which it was founded and by virtue of which it has remained the majority party, in normal times, ever since the Civil War. In the Nineteen Twenties, when this alliance was functioning very effectively, despite foot-loose Progressives and the surge of agrarian discontent produced by the post-war agricultural deflation, 6,000,000 or 7,000,000 votes came to be regarded as the normal Republican plurality. To defeat Mr. Roosevelt the Republican party needs to recapture only about half the voters who formerly were accustomed to vote for Republican Presidential candidates.

In the last four years, however, the Republicans have lost several of the most prominent leaders of their Progressive wing. Senator George W. Norris of Nebraska, who bolted to support Alfred E. Smith in 1928 and Mr. Roosevelt in 1932, has announced that he will support Mr. Roosevelt again in 1936. Senator Hiram W. Johnson of California, who supported Mr. Roosevelt in 1932, was returned to the Senate in 1934 with the support of Democrats and Progressives as well as Republicans and is expected to support Mr. Roosevelt for re-election. The La Follettes of Wisconsin, who came out for Mr. Roosevelt in 1932, cut their merely formal ties to the Republican party in 1934 to form a Progressive party. In all probability they, too, will work for the President's re-election.

Overlapping the Progressives, but extending along a much broader front, are the producers of staple crops whose demands for "equality" with industry went unheeded or were ineffectually dealt with by three successive Republican Presidents. Whatever may be thought of the merits of Mr. Roosevelt's program, he demonstrated his determination to increase farm income and succeeded measurably in lifting the wheat and corn and hog farmers toward that "parity" with industry which they had sought for a decade before his inauguration.

In his rather spasmodic efforts to win the support of financial, industrial and business interests Mr. Roosevelt has conspicuously failed. They are aligned more solidly and more bitterly against him, probably, than they have been against any Democrat since William Jennings Bryan.

The Republicans start out, therefore, with a firm footing in the financial, industrial and business worlds, an uncertain hold on strictly agrarian interests in the Middle West and a slender tie with the Progressives. From the first group come the broadest and most extreme denunciations of the New Deal. The agrarian Republicans, on the whole, are more selective in their criticism. All the practical politicians in the first group know that they cannot win alone, but must propitiate the agrarian vote. The agrarian Republicans feel, in varying degrees, that they cannot win as the minor partners of business and financial interests in an indiscriminate attack suggestive of a desire to return to the "Old Order."

The difference in attitude has been illustrated strikingly during three sessions of Congress by Representative Snell, the minority leader of the House, and Senator McNary, the minority leader of the upper body. Mr. Snell,

who comes from up-State New York, has kept up a steady fire of denunciation of the New Deal. Senator McNary, who comes from Oregon and who was co-sponsor of the ill-fated McNary-Haugen bills, has said little.

In the Republican pre-convention campaign this strain within the party is exemplified by the challenge of Senator Borah to the combination of friends of Herbert Hoover and the Republican Old Guard group which controls the Republican National Committee. Mr. Hoover is the titular head of the party. Through his book, *The Challenge to Liberty,* and his recent speeches, he has done more than any one else to direct the conservative Republican lines of attack on the New Deal.

Whether Mr. Hoover wants the nomination, no one knows. But he has been rehabilitating himself steadily. Beyond question he wishes to dominate the thought of the party and, if he cannot be nominated, to pick the candidate. Beyond question, too, his pungent speeches of the last six months have won for him a measure of popular support within the party. Test polls of the Republican rank and file, taken in December and January, indicated that he was more popular than any other Presidential possibility in the New England States and that he had improved his relative standing in the rest of the country. Some Republicans feel so deeply that they must stand firmly on the fundamental principles enunciated by Mr. Hoover that they openly have expressed a preference for losing with Mr. Hoover in 1936 over winning by compromise with the New Deal.

Similar in general outlook, but actually distinct from Mr. Hoover and his friends, stand the veteran members of the Republican National Committee who are known as the Old Guard. They have helped to guide the destinies of the party for many years. Some of them were opposed to Mr. Hoover's nomination in 1928 and held to the end the hope that they could draft President Coolidge for another term.

Most influential among them is Charles D. Hilles of New York, at one time secretary to President Taft and a member of the Republican National Committee since 1912. Mr. Hilles is one of the most skillful politicians in the country. Conservative in viewpoint, he is nevertheless realistic in his political appraisals and fully appreciative of the value of harmony within his party. It was Mr. Hilles who, in 1934, insinuated Henry P. Fletcher into the chairmanship of the Republican National Committee and guided the drafting of a declaration of principles that pleased liberal Republicans of the type of William Allen White. The Republican "grassroots conference" at Springfield, Ill., last June saw the Old Guard collaborating with Mr. Hoover's friends and conciliating the agrarian Republicans with a platform much more moderate than most of the speeches at the conference.

The tactics of the Old Guard in preparation for the Republican National Convention at Cleveland in June have been clear and avowed. They have set out to fill the convention with delegates pledged to favorite sons or to no one. In such a convention party leaders can quietly seek to compose differences over the platform and pick their candidates. To this proposed procedure Senator Borah has issued an open challenge, with a summons to all who will to join him in throwing out the old leadership of the party and writing a "liberal" platform.

For more than a year Senator Borah has been creeping up on his candidacy

for the Presidential nomination. A poll of Republican county chairmen and other local leaders showed him to be a strong favorite for the nomination. Except for Mr. Hoover, he is the only Republican of recognized national stature. But he will be 71 in June; he has thrice refused the Republican nomination for Vice President and his attachment to the Senate is well known. The suspicion has naturally prevailed that Senator Borah is not a serious candidate, but is interested chiefly in building up his prestige in Idaho in preparation for his campaign for re-election to the Senate. Now, however, he has formally declared his candidacy by entering the Ohio primary and has consented to the use of his name in Wisconsin, Illinois, New York and several other States.

Senator Borah can stand with the Eastern wing of his party on a number of planks. He advocates strict observance of the constitutional limitations upon Federal authority; he opposed the NRA and did not support the AAA, and he is orthodox on the tariff. But he is known as a "soft-money" man. He has displayed, as yet, no grave concern about the budgetary deficits; he has accepted the theory that unemployment relief is chiefly a Federal problem; he advocates old-age pensions of $60 a month and lower interest rates on farm indebtedness. Of course, he is still an isolationist. Most important of all, he has nailed at the top of his list of planks one that the Eastern wing of the party cannot accept if it is seriously intended—the curbing of industrial monopolies. Essentially, the Borah platform is the traditional platform of agrarianism.

If Senator Borah were nominated on his own platform it would disrupt the present political picture. He would menace Mr. Roosevelt most in the very States where the New Deal now seems to be the strongest. He would present many of the Progressives and agrarians who have swung over to Mr. Roosevelt with a difficult choice, and some of Borah's friends believe he might break into the Solid South. But the choice of conservative voters in the New England, Middle Atlantic and Central States, where the New Deal now appears to be weakest, would be no less difficult.

Very few political observers think Senator Borah can win the nomination. But, at the very least, he is a serious threat to Eastern domination of the Republican party. Whether he goes to the convention with 60 delegates or 300, he cannot be ignored. He has never yet bolted in an election year, but he kept painfully quiet in 1932. Without the active aid of Borah, the Republican campaign in the West would be severely handicapped. The leaders of the party will go a long way to conciliate him, so long as they do not have to nominate him or accept at full value his most "liberal" planks.

The rank and file of Republican politicians, whose primary interest is in victory rather than in devotion to fixed principles, inevitably gravitate toward a mean point between the type of candidate that the most conservative members of the party would like, but that could not be elected, and Senator Borah, whom they would not like even if they were sure he could be elected. Scattered along between the extremities appear Colonel Frank Knox, publisher of the Chicago *Daily News;* Governor Alfred M. Landon of Kansas, Senator Arthur H. Vandenberg of Michigan and an innumerable array of dark horses.

Colonel Knox is something of a political oddity. One of Theodore Roosevelt's Rough Riders, a veteran

of the World War, he has been active in politics for years, but up to now his experience as a candidate has consisted of one defeat in the New Hampshire Gubernatorial primary. A stringent critic of the New Deal, Colonel Knox entered the Presidential contest early. He has gone far by sheer diligence—and with the aid of some of Mr. Hoover's old friends. Reduction of government expenditures, a sound currency, a balanced budget, an end to government competition with private business, unemployment insurance under State laws—all of which were proposed in the Democratic platform of 1932—are among his chief planks. He has denounced restriction of agricultural production but has proposed something approximating the old equalization fee plan. In general, Colonel Knox has kept on the conservative side of the Republican alignment.

Governor Landon is much nearer the intersection of the two major lines of interest of the party. Twice elected Governor in years of Democratic landslides, he has made his reputation chiefly by tight-fisted control of State and local finances in Kansas. When William Randolph Hearst, at the height of his onslaughts on the "New Deal Communists," picked Landon as his candidate for President, the impression spread that Landon was a reactionary. His past record as an old Bull Mooser, his attitude toward the New Deal and his speeches indicate otherwise.

He accepts most of the reforms of the Roosevelt administration as useful and necessary. He has picked no quarrel with the major objectives of the New Deal. He supported the AAA, the administration's conservation program and, in principle, its social insurance program. He has uttered no criticism of the Securities Act, the Securities Exchange Act, the Banking Act of 1935 or the Public Utility Holding Company Act. In short, he has seemed willing to accept all the New Deal laws that have survived the Supreme Court. He has chosen, instead, to base his campaign chiefly on two counts: Failure to balance the budget and administrative inefficiency, especially in the handling of relief.

The sum total of Governor Landon's offering to the East to date is economy, a balanced budget, more efficient administration and an end to new experiments. This is less than the more fanatical critics of the New Deal would like, but it is reassuring on the subjects of deeper concern to a great mass of middle-of-the-road voters. Moreover, most political observers in the agrarian States testify to growing uneasiness about the mounting Federal deficits and to dissatisfaction with the handling of the $4,000,000,000 works-relief program. Landon appears to have found a common ground on which most members of the Republican party can meet. In four months he has gone to the head of the race for the nomination. Test polls have indicated that he is favored by between 35 and 40 per cent of the Republican voters in the country as a whole.

Landon will enter the convention with delegates from Kansas, Oklahoma, Nebraska, Missouri and probably several other States. He has not yet offered his name in any primary. Some of his friends have begun to fear that the Old Guard will try to use him to check Borah. Landon will exert every means to prevent that. He probably will not compete with Borah for delegates. His chances for winning the nomination depend largely on his success in maintaining his strategic position at the crossroads.

Nevertheless, Landon might not be

acceptable to Borah. Many of Borah's friends think he would prefer one of his Senate colleagues, perhaps Senator Vandenberg. Although it is too early to prophesy, it is not inconceivable that the Republican convention of 1936 will closely resemble that of 1920, with Colonel Knox playing the rôle of Major Gen. Leonard Wood, Governor Landon that of Governor Frank O. Lowden, and Senator Borah that of Senator Hiram W. Johnson. Out of the 1920 deadlock came the nomination of Warren G. Harding. It is just such a convention that the old-line party leaders set out to produce with an array of favorite sons and unpledged delegations. And just such a convention it will probably be if, before June, Landon has not emerged as the "logical" candidate in the opinion of the major factions in his party.

No. 1 on the list of potential dark horses is Senator Vandenberg. A close friend of Borah's, he has nevertheless made a record that should be eminently satisfactory to the conservatives. He voted against the NRA, the AAA, the Reciprocal Tariff Act, the Wagner Labor Relations Act, the Public Utility Holding Company Act, the Guffey Coal Act and the $4,880,000,000 Works Relief Act. He voted for the Gold Reserve Act, the Securities Exchange Act and the Social Security Act. He has hammered repeatedly at the budgetary deficits and monetary tinkering of the New Deal. He was the only orthodox Republican Senator beyond the Alleghenies to be re-elected in the Democratic landslide of 1934. He looks like a Presidential candidate and is one of the ablest speakers in the Senate. For agriculture he has advocated vaguely a two-price system. Less agrarian in tone than Landon, he is nevertheless situated near the middle of the party, both geographically and in principle.

Vandenberg is one of the most conspicuous dark horses ever entered in a race for a Presidential nomination, chiefly because of the dearth of competition. The East can offer Ogden L. Mills, Secretary of the Treasury under Mr. Hoover; Representative James W. Wadsworth, Colonel Theodore Roosevelt Jr. and half a dozen others. But the prevailing opinion among Republicans is that the Presidential candidate should come from west of the Alleghenies and the Vice Presidential candidate from the East.

The series of crushing defeats that began in the Congressional election of 1930 has reduced the Republican party to less than one-fourth of the Senate, less than one-fourth of the House and to only nine Governorships, counting the Nonpartisan League Republican who is Acting Governor of North Dakota. Of the Republican Governors, only Landon now stands forth as practicable for the Presidential nomination. Of the twenty-three Republican Senators, only thirteen come from west of the Alleghenies. Three of them—Norris, Johnson and Couzens — have generally supported the New Deal, while at least three others are as strongly tinged as Senator Borah with agrarianism. Senator McNary, an extremely practical politician despite his agrarian slant, and Senator Dickinson of Iowa, one of the most conservative representatives of the farm belt, remain as potential dark horses.

Although many Republicans have publicly deprecated the suggestion that the party turn to the Supreme Court for a nominee, an attempt to draft a Supreme Court Justice is not beyond the bounds of possibility. Justice Roberts would be the ideal candi-

date in the view of some prominent Eastern Republicans. But he comes from Pennsylvania, and his series of anti-New Deal decisions would hurt him with the more liberal members of the party. Justice Stone, an appointee of President Coolidge, a close friend of President Hoover, a New Englander with a New York background, yet one of the liberals of the bench, would seem ideally qualified in many respects to unite the Republican party in the middle of the road. But his friends doubt that he could be persuaded to leave the court.

There is Presidential material among ex-New Dealers and rebellious Democrats. George N. Peek, former AAA Administrator and former special adviser to the President on foreign trade, was a Republican before he bolted to Alfred E. Smith in 1928. His decade of leadership of the farm revolt should make him a strong candidate. Among Democrats there are Mr. Smith, former Governor Ritchie of Maryland and Lewis W. Douglas, former Budget Director. Professional Republican politicians have evinced no desire, as yet, to see a Democrat on their ticket, and their gestures toward fusion have not gone beyond the suggestion that part of the Democratic platform of 1932 be incorporated in their platform for 1936 and that one or more prominent Democrats be asked to address the convention.

The actual selection of the 997 delegates whose duty it theoretically is to choose the Republican nominee has just begun. At this juncture, Landon, who has been pushed to the front more rapidly than he desired, and Vandenberg, who is lying low, appear to be the best-placed candidates. Of the platform, this much can be said with reasonable certainty: It will contain a plank designed to equal or outdo Mr. Roosevelt's bid for the farm vote, and, regardless of what else is included, it will promise economy and a balanced budget. Those are the bare necessities on which the leaders of most factions of the party can agree.

A South Carolina Dictator

By HENRY STEELE COMMAGER*

OLIN D. JOHNSTON, Governor of South Carolina, is not, it would seem, the stuff of which dictators are made. He is not a demagogue as Huey Long was a demagogue. He does not appeal to class hatred, as did Long, or to race prejudice or religious bigotry, as did other demagogues in recent Southern history. His platform was not revolutionary; his campaign was not impassioned or violent. Yet within nine months of his inauguration in 1935 he had plunged South Carolina into something approaching political anarchy, declared a state of insurrection, called out the militia, suspended *habeas corpus*, defied the courts and the State Constitution. Within nine months he made the State capital an armed camp, with soldiers guarding the State House and cannon planted on the Capitol grounds.

It is curious that the South, for all its tradition of individualism, and of constitutionalism, appears to acquiesce more readily in the nullification of orderly forms of law than does the North. There is lawlessness enough in the North, but it is for the most part unacknowledged and a little shamefaced, and public officials at least pay lip-service to the law and observe constitutional formalities.

But what Northern State could have produced a Huey Long or boasts of a Bilbo or a Talmadge? What Northern State would have elevated these men to the Governorship or permitted their abrogation of legal and constitutional forms? There is no special reason for self-congratulation here on the part of the North; perhaps it is as dangerous to circumvent the law and the Constitution as it is to flout them, and the impatience of the Southern electorate with the obstacles to immediate and effective democracy indicates a faith in the efficacy of democracy that is commendable if not always justified.

Impatience with the delays and prohibitions of the Constitution, the direct appeal to the electorate, is nothing new in the South. It is, indeed, in the tradition of that New South which came into existence in the Eighteen Nineties as a reaction against the complacent Bourbon Democracy that had too long neglected its responsibilities. Long and Talmadge are not Southern editions of Fascist dictators; they are successors of a distinct and imposing group which included red-headed Tom Watson of Georgia and wild Bob Taylor of Tennessee, Jeff Davis of Arkansas and Cotton Tom Heflin of Alabama, Pitchfork Ben Tillman of South Carolina and his successor Cole Blease, Alfalfa Bill Murray of Oklahoma and the incredible Fergusons of Texas.

The new crop is perhaps less picturesque than the old—Huey Long always excepted—and the development of industry in the South has somewhat confused the cleavage between town and country, between planter and hill-billy or cracker, which Tillman and Watson and Jeff Davis so skillfully capitalized. The confusion

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was apparent in Long himself; it is apparent in Talmadge of Georgia; it is apparent in the newest recruit to the group, Olin D. Johnston of South Carolina.

Time was when the Palmetto State set the pace and the whole South followed. When Calhoun took snuff, it was said, the whole South sneezed, and even during Reconstruction it was Wade Hampton who came to be the symbol of Restoration. But Ben Tillman never attained that leadership of the South to which he aspired; Cole Blease was less colorful than Tom Heflin, and now Olin Johnston's brief foray into dictatorship is at best a pale imitation of the Kingfish's revolution or Talmadge's putsch. Yet the story of what happened in South Carolina is not without significance both for the history of the South and for that of the country at large. Nor is the episode a closed one; Johnston has been pretty effectively checkmated but he has not surrendered, and the struggle may yet precipitate a social and class conflict of a most dangerous character.

Olin D. Johnston, a powerful, broad-shouldered six-footer, with heavy features, dark flashing eyes and black hair, is still young and vigorous. He is an imposing figure—far more imposing than his predecessor Blease or than Talmadge or Bilbo. He is a man of ability, too, and of education, personable, well-spoken, poised, proud of his farmer forbears, not unconscious of his own spectacular rise from bobbin boy to Governor. Economically he belongs with the underprivileged and he is not embarrassed politically by any connections with those first families whose futile pretensions to power have long been an object of irritation to the democracy of South Carolina.

As a boy Johnston worked in a textile mill, later he served in the World War with the famous Rainbow Division, and he found time, somehow, to take an academic degree at Wofford College in up-country Spartanburg. He studied law at the University of South Carolina—to no effect, his critics say—hung out his shingle in Anderson and in Spartanburg, and eventually went into politics. These details are not irrelevant.

In a State where sectionalism has always played an important part in politics Johnston belongs with the up-country rather than with the Piedmont or the low-country. In a State where social lines are still remembered, if not applied, Johnston belongs to that class which has long been excluded from the St. Cecelia ball and from the pews of St. Michael's. In a State where tenant farmers and mill workers have long felt themselves exploited by planters and bankers and mill operators Johnston is a genuine representative of the farmer and mill worker groups. In a State where religious orthodoxy is essential to political preference and where temperance is a matter of morals Johnston is a devout Baptist—and an earnest dry.

Johnston's abortive revolution goes back to the piping days of 1929 when Southern States were vying with each other in the building of roads. South Carolina got the fever and notwithstanding an apparent constitutional prohibition of bond issues the Legislature voted a bond issue of $65,000,000 for the construction of roads. The State Supreme Court, with that perspicacity which arouses the admiration of the layman, decided that the bond issue was not a bond issue but a tax, and the State embarked upon a program of construction which is not yet completed.

But the bond issue had aroused the

bitterest kind of opposition, and that opposition was particularly strong in the Piedmont and up-country where the road situation was not unsatisfactory and where farmers resented additional taxes. Johnston, Representative from Spartanburg, fought the bond issue and in 1930 stood for Governor on an anti-bond platform. He was an effective campaigner, and he carried his own country, and the Piedmont too, and came down to Charleston with a comfortable majority. But Charleston beat him, and Ibra C. Blackwood was given the Governorship by 1,000 votes.

Johnston raised the cry of fraud, for anything could be believed of Charlestonians; but the Executive Committee ruled that there was no basis for a recount. Then the Charlestonians committed an egregious blunder; they burned the ballots, and five years later Johnston could still say "the smoke from the burning ballots of Charleston is still obnoxious to the nostrils of the fair-thinking people" of South Carolina.

Blackwood was Governor, but Johnston's position was even more secure, for he was a martyr, his account with his opponents still unsettled. In 1934 he stood for "re-election" and swept the State. The bond issue was law, now, but it was easy to transfer hostility from the bond issue to the Highway Commission which spent the money, and Johnston's campaign was directed against this commission. His support came from many groups—from the cotton-mill operatives, who saw in this "lint head," as he called himself, one of their own kind; from drys, who hoped to stem the tide of repeal; from the anti-Bleasites of all classes and finally from those who were still outraged with the whole highway-bond business.

What was the importance of the Highway Commission that it should be the chief issue of the campaign and that it should precipitate what Johnston, at least, called a state of insurrection? The Highway Commission is unquestionably the most important administrative body in the State. It employs approximately 3,000 men; it spends over $8,000,000 annually. Of every dollar collected in taxes 42 cents is spent by this commission. It is, presumably, a non-political body, but its potential political power is immense. Since it was identified with the preceding administration, Johnston saw in it a powerful obstacle to his own policies and ambitions, and he charged that it was controlled by a "ring" and that its activities were as largely political as they were engineering.

For a year, now, Johnston has denounced this Highway Commission in unmeasured terms, and he has preferred charges against it of a most serious and damaging character. Yet none of these charges has been substantiated. It can be shown that the Highway Commission has functioned efficiently and honestly. South Carolina has built its roads at the smallest cost per mile of any State in the Union, and South Carolina has today, despite her late start, more paved roads per mile than any State in the South.

But Johnston had based his campaign on criticism of the Highway Commission, and he believed that he had a mandate from the people of the State to remove the members of that commission and replace them with his own appointees. But this was not easy to do, and the Spring and Summer were spent in futile manoeuvres. The whole thing came to a head with dramatic suddenness in the Fall of 1935.

The Governor secured an opinion from his Attorney General to the effect that there were three vacancies on the commission. In a radio broadcast he attacked the commission, declared three positions vacant and appointed new members to those vacancies. It was an original and audacious move; perhaps the first time in history that appointments to office have been made over the radio. But it was not successful. Appointments to the Highway Commission have to have the confirmation of the Senate, and the commission promptly refused to recognize the validity of the Governor's removals or his appointments.

It was in these circumstances that Governor Johnston embarked upon an extraordinary course of action. Failing to secure control of the Highway Commission by the ordinary processes of the law, the Governor, on Oct. 28, proclaimed a state of "rebellion, insurrection, resistance and insurgency against the laws of the State of South Carolina in connection with the operation * * * of the highways of this State." He ordered the militia to take charge of all highways coming under the jurisdiction of the Highway Commission, and suspended the writ of *habeas corpus*. Under the protection of the militia the Governor's appointees took over the Highway Department, machine guns were planted at the entrances of the State Office Building, and armed sentinels denied entrance to members of the original Highway Commission. At the same time the commander of the "Insurrectionary Troops" was directed to take possession of all the moneys under the commission's jurisdiction.

But it was not so easy. The Supreme Court enjoined the new commissioners from paying out the money belonging to the commission, and in December it handed down an opinion which sustained the old commission on every point. That opinion, dealing as it did with the controversial problem of martial law, is of considerable importance in American constitutional history.

The court held that there was, in fact, no state of insurrection, no justification for a declaration of martial law, but it admitted that "the action of the Governor in declaring that a state of insurrection exists may not be enjoined by this court, nor reviewed by it." The theory of the separation of powers required this concession, but it was the only concession made. All acts of the Governor under martial law, the judges added, are reviewable by the courts, and he and his agents are liable for any acts in excess of his constitutional and legislative authority. At the same time the Supreme Court denied to the Governor's appointees title to office and sustained the right of the original members of the commission to hold office until successors were legally chosen.

The court had rebuked the Governor's foray into dictatorship. The Legislature was equally bold. A resolution was introduced: "Whereas this body is unaccustomed since the days of Reconstruction and Scalawag Rule to sitting within the view or under the influence of militia and is entitled to proceed with its deliberations unimpeded by display of military power"—so ran the resolution, and the Legislature refused to transact any business until the troops were sent home and martial law ended.

Neville Bennett, youthful chairman of the Ways and Means Committee and the ablest political leader in the State, led the fight on executive usurpation of power, and his resolution, calling upon the Governor to

"withdraw the militia, restore the supremacy of civil law under the Constitution and fully comply with the provisions of the Constitution and the decisions of the Supreme Court," passed the House by the overwhelming majority of 108 to 3 and the Senate by a vote of 39 to 4.

Of necessity the Governor backed down, but he was not ready to admit defeat. Promptly he issued an order to the offending commissioners to show cause why they should not be removed for malfeasance in office, and in his message to the Legislature he once more assumed the offensive. Most dangerous was his appeal to class prejudice. "My election as Governor," he said, "did not meet with the approval of the blue-bloods and aristocrats of this State, to whom I was obnoxious simply because I had come from poor but honorable parentage and had * * * been elevated from a cotton-mill hand to Governor of this great State of South Carolina." He held, he argued, a mandate from the people to oust the "ring masters that had dominated South Carolina politics" and he was determined to carry out that mandate.

But once again the courts intervened. In a restrained but impressive opinion the court cleared the commissioners of every charge which the Governor had made against them and restored them to office. Frustrated but unabashed, the Governor countered with a renewed denunciation of the commission for log-rolling and factionalism, and he asked for an amendment to the Constitution providing for the popular election of all judges. His conclusion was ominous: "There will be no turning back."

What is the significance of this episode? So far the situation has been kept well in hand; the courts have successfully sustained the Constitution, and the Legislature has stanchly maintained its independence and its prerogatives. The imbroglio has been confined pretty largely to the realm of politics, and the Governor's efforts to break down the independence of the other departments of the government have not yet had any of those serious social or economic repercussions that have been felt in Louisiana and in Georgia. Yet the situation is fraught with danger.

There is restlessness in South Carolina—among the mill-workers and the tenant farmers; there is poverty, and a sense of oppression. If Governor Johnston wishes to dramatize his struggle with the Highway Commission as a struggle between democracy and aristocracy, between the poor and the rich, labor and capital, tenant and planter, he will have support enough. It will be easier to arouse the passions of his followers than to appease them; it will be easier to break down the forms of constitutional government by force than to restore them.

Johnston holds his following—and it is immense—not only by personal loyalty but by class loyalty, and that following is little concerned with what it regards as the technicalities of the law. Johnston is the spokesman of groups who have too long been denied their proper share in the government of the State. Those groups feel that they have at last come into their own. Now they want action; they are confused as to the nature of that action but they are impatient of delays or of obstacles.

I talked with one of Johnston's supporters. The courts were packed, he told me; there was no justice there. It was necessary to call out the military in order to get justice. Asked if that was not a dangerous precedent, he evaded the question. There was, he said, no other way.

When George V Was King

By H. N. BRAILSFORD*

WERE one asked to define what chiefly it is that the British people expects of its King, it is doubtful whether his political functions would hold first place in the answer. Britain expects its King to express its instinctive feelings adequately and surely. He should not speak often; he must say nothing controversial. But if there is an occasion when normal human beings feel as one man, then he should speak, and in typically English tones.

If there has been a colliery disaster, he should utter the general sympathy. If a friendly nation has sustained a loss, he should speak for Great Britain. Tact will find other occasions in British national life, in peace as in war, that call for the expression, never of opinion, but rather of feeling. A King may sometimes in speech or message set the tone of popular feeling. Twice George V struck the keynote of sympathy in speaking of India. After the general strike of 1926 a message of his did something to allay bitterness.

It follows, if this be the King's first function, that he should be typical of his nation. Brilliance is not an advantage in a constitutional monarch, nor, yet, any marked individuality of character. One would not have remarked King George in a crowd, if one may write plainly. Slight and short, he was not designed by nature to shine in pompous ceremonies. His features were homely and one noted only the clear blue eyes. He worked hard to keep himself well informed about the contemporary world, but no one ever credited him with more than average normal intelligence.

He had no marked intellectual interests, and little taste for any of the arts. His hobby was stamp-collecting. His pleasures were those of any country gentleman. He loved the sea and delighted to pilot his sailing yacht. He had a steady hand, and was said to be one of the best shots in England. In horse racing he had only a moderate interest, but watched football matches with real enthusiasm. He never gambled; he was abstemious as to drink, and gave it up altogether, by way of example, during the World War. He led an exemplary family life, and carried on the Victorian tradition of morals. Adventurous pleasures did not attract him, and it is characteristic of him that he never flew.

The Prince Consort, who played the fiddle and had a real interest in science, was thought by the England of his day to be effeminate. Queen Victoria, who was notoriously opinionated and imperious, achieved popularity only in the latter half of her reign, and then chiefly because public sympathy went out to a widow. King Edward VII was certainly popular, for he had charm and even wit. He interested his people and won their liking, but among them were many critics, of whom some shook their heads over his slightly disreputable friendships, and others dreaded the consequences of

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his influence on the country's foreign relations.

It is characteristic of English feeling that among these three sovereigns it was not the too individual Victoria, nor the brilliant Edward VII, but the quiet, modest and dutiful, if undistinguished, George V who was by far the best beloved. Nothing in him, not even unusual talents or tastes, divided him from the mass of his subjects. Him no one criticized.

Training and experience helped to mold this typical Englishman into Everyman's King. His school was the navy, and not the university. That was as it should be, for the navy and naval families are in the life of Great Britain the most reliable custodians of its historic tradition. Britons who are by training "intellectuals" may with difficulty reason their way to a sound national policy; sailors feel it instinctively.

The life of George V when a young prince, first as a midshipman and then as an officer, was so typical of the caste he had entered that there is nothing unusual to relate about it. He went through the mill like every one else in this rather exclusive society of equals, and got his promotion in the usual way by commanding small craft, before he hoisted his flag on a battleship. He cruised from one British port to another over the whole globe, saw much of Canada and Australia and paid two memorable visits to India, but he was never what his father was, a cosmopolitan, as much at home abroad as in England.

One must not suppose, however, that there was any of the tension between father and son that is so common in royal families. Indeed, during King Edward's brief reign Prince George was his devoted apprentice and lieutenant. It was his custom to call on his father daily, in the morning, and the two would talk over current business together. In this way was handed down the fragile tradition, so difficult to codify or define, of the King's place in an unwritten constitution.

Without this training a prince who followed this able and experienced father might pardonably have blundered in the difficult years between 1910 and 1914. The war was a period of physical strain and anxiety, but it presented no constitutional problems. The nation was all but unanimous; its King had only to share its emotions.

The real test of his tact and judgment fell in the first four years of nominal peace. It was a period of tension so tight and perilous that in retrospect, even if one lived through it, one finds it difficult to recognize in its annals the normally placid life of the island kingdom. The militant suffragists were struggling for their rights in a mounting crescendo of violence. Labor, as real wages fell, was moving amid passionate and unruly incidents into a revolutionary atmosphere. A general strike was timed to break out in September, 1914, had not the World War come first.

The Liberals were engaged in the final act of the struggle between the commons and the aristocracy. They were able, through Mr. Asquith's Parliament Act, to deprive the Lords of their legislative veto. But this victory seemed to be only the signal for a still more dangerous struggle, for the effort to enact Irish home rule seemed destined to provoke civil war. The focus of rebellion lay in the governing class itself. It was the officers of the King's Army who mutinied at Curragh camp and the leaders of the Tory party who organized Ulster for armed resistance.

King George, on his accession to the throne, was a Tory who shared the opinions of an Opposition that thought of facing his Ministers with arms. His views were pretty generally known. He was never a silent man, and among his intimates he would talk politics freely, using the rough, racy language of the navy. Yet to him the Liberals looked for the decisive act that would break the power of the House of Lords.

Mr. Asquith offered the test of two general elections in one year. After the Commons had adopted in the form of resolutions the plan of the Parliament Act, would the electorate ratify it in an election taken expressly on this issue? It did so. But still the Lords resisted. There remained, within the Constitution, only one means of overcoming their obstinacy. Would the King, on the advice of his Ministers, use his prerogative to create peers in numbers sufficient to swamp the Tory Lords? The decision must have ranked among the most difficult that ever a British monarch had to take. As every one knows, King George gave Mr. Asquith the required undertaking before the second dissolution, and authorized him to make it known when the crisis became acute. The list of some 300 possible Liberal peers was actually compiled. That settled this affair, though not without further drama and passion.

Thus within a year after his accession it fell to this Tory King to take the gravest decision in the modern history of the British monarchy. It illustrates perfectly the function of the King in this century. He is the umpire, whose duty it is to see that the unwritten rules shall be observed which insure that the will of the democracy shall ultimately prevail. Something depends on his judgment and discretion. He may require, as in this case, a special election to elucidate the people's will. It might happen, as it did not in this instance, that the majority would seem to him indecisive. But beyond these limits his power hardly extends. In this way, then, this delicate, fallible instrument of kingship provides even for the radical amendment of an unwritten constitution.

What motives weighed with George V to overcome his own spontaneous leanings, one can only conjecture. Prudence may have played a part, for the King in these stormy years was pessimistic about the future of the monarchy. He used to say that he would probably be the last King of England. But one may fairly suppose that the decisive consideration was simply his strong sense of duty. He knew, as a just judge knows, what society expected of him in the position to which he had been called. Hard though it must have been, he did it.

Not till the historian has at his command the memoirs of all the actors in the Irish drama that followed shall we know fully what part King George played, while round him soldiers and politicians were intriguing to set the scene for civil war. As yet we know only his public acts. He opened the abortive interparty conference at Buckingham Palace that sought in vain for a compromise on the Ulster question. His speech on this occasion disclosed his own personal leanings unwisely. He said that "the cry of civil war" was on the lips of "the most responsible and soberminded of the people." That was odd language to use at such a moment of Sir Edward Carson and "Galloper" Smith.

The war closed this chapter; the bitter sequel in Ireland raised no constitutional problems. We know nothing to suggest that the King in

any way deflected policy during the war or the settlement. His feelings were those of the mass of the nation. He never, so far as is generally known, took an initiative in foreign affairs as Edward VII in some measure did. His action in changing the family name of his House from Guelph, with its proud medieval memories, to Windsor suggests that he felt as bitterly as most of his subjects.

One asks in retrospect whether after the war a popular King might not have used his social influence for an early reconciliation. An invitation to old Hindenburg to visit London or a royal visit to Berlin might have changed the fortunes of the doomed German Republic. Inevitably, and excusably as the cousin of the murdered Czar, the King looked on the Soviet Union with hostility; this attitude of the court helped to delay recognition and to minimize its effects.

The King has a right to be informed in good time of all that goes on, abroad and at home, and to discuss policy with his Ministers. If he dissents, he may remonstrate or argue, but cannot in the end insist on his own view; he must follow his Ministers' advice. If a King is persistent, or if his Ministers are weak, he may and usually does exert a considerable influence, cumulatively, over the whole range of affairs. "One gives way on four small matters," an able Liberal Minister once put it, "in order to resist him on the fifth." There is no doubt that through a quarter of a century this personal influence was steadily used by King George to reinforce the conservative and conventional view.

When one returns to the relative calm of the post-war years, two or three interesting episodes stand out in the King's dealings with his Ministers. Normally, when a Prime Minister dies or resigns, or is defeated in Parliament or at the polls, the King's functions are formal and almost automatic. But when Mr. Bonar Law died, in 1923, there was a doubt about the succession. On every ground of ability, seniority and experience Lord Curzon should have followed him as Prime Minister. But this proud, aloof man, incapable of thinking his way outside his caste, would have been a disastrous choice, and the King evidently knew it. He argued that it was an anomaly in a modern democracy that the Prime Minister should sit in the Lords. So the succession passed to the genial commoner who once more holds it, Mr. Baldwin.

There was much curiosity and some alarm when in 1924 the first Labor Ministry in the history of Great Britain was formed. But the Labor Government wished to be moderate; it was bent, in Mr. MacDonald's favorite phrase, on "winning confidence." It followed all the usual conventions of dress and etiquette, to the disgust of some of its more ardent followers. Mr. MacDonald had in him a Highland clansman's capacity for romantic loyalty. To a visitor during his first term of office he once showed a letter that he had just received from the King, written by his own hand. "This," said he, "is the proudest day of my life." On that basis of sentiment there could be no friction. The sympathy between the King and this Prime Minister was soon mutual.

A difficult constitutional problem faced the King during the financial crisis of 1931. Mr. MacDonald had failed to carry his Cabinet and his party with him for the adoption of a policy of deflation. They were hopelessly divided, and Mr. MacDonald carried his and his colleagues' resignations to the King. Instead of accepting Mr. MacDonald's resignation, King George asked him to sleep upon it.

In the interval he ascertained that Mr. Baldwin and Sir Herbert Samuel were willing to serve under Mr. MacDonald in a National government, and this solution proved acceptable to the latter.

Of this procedure some exponents of constitutional practice, notably Professor Laski, are critical, I think justly. After Mr. MacDonald's failure to carry his Cabinet with him, he had ceased to be the leader of the biggest party in Parliament. He was now merely a distinguished private member, or at most the head of a small group. Was it constitutionally correct that he should continue to "advise" the Crown? On the main point, the formation of a National government, the event showed that the royal umpire had correctly interpreted public opinion, but it is possible to question his reading of the rules.

The rest of this tale falls within recent memory. At the Silver Jubilee last year the nation looked back over a quarter of a century and found reason to congratulate itself that George V had been its King. He had done his duty in that early period of tension, facing the specter of civil war. Through the four years of slaughter and peril it recalled him in khaki, always steady, always at one with his men. It looked around on the wreckage of three empires that had dominated Europe when he ascended the throne. Through an epoch of revolutionary danger the island kingdom had stood secure. Of the leaders who surrounded his throne five and twenty years before not one was now at the helm. One great party had risen, as it were, from nothing; another had dwindled to insignificance. In this simple and kindly old man, so typical in his virtues as in his limitations, his people may well have seen the symbol of the nation's permanence and survival.

A century ago the British monarchy was at its lowest ebb of popularity. Three sovereigns raised it to the place it fills today in the hearts of the people, but of the three, King George beyond a doubt built most solidly.

A rationalist who grew up in the liberal tradition may view this achievement with mixed feelings. There is for him in this emotion of loyalty something atavistic; it seems an irrational survival, that belongs to the dim region of the subconscious. He finds in the language it uses an *uncongenial exaggeration.* He knows, too, or suspects, that this emotion ranges itself on the side of tradition, and is a barrier against change, social or economic. It is, beyond question, an asset to conservatism.

But two considerations occur to him while he reflects. Perhaps the average man is happier, if this institution works well, than he can ever be without it. It may satisfy some emotional need, of which the rationalists and the liberals fail to take account. In the second place, though it may well be that the monarchy slows down the pace of change, conceivably it enables it to take place, when at last it is inevitable, smoothly and with less risk of civil strife.

Balancing these things doubtfully in his mind, he none the less registers the fact that this institution reached under George V an epoch of tranquil and all but universal acceptance. It reached it because this simple man shared the instincts of his people, followed the promptings of a kindly heart and obeyed the law of duty.

Troubled Days in Czechoslovakia

By FRANK C. HANIGHEN*

WHEN Eduard Benes, sitting in the palace of the ancient kings of Bohemia, was elected President of the Czechoslovak Republic last December he found himself faced not only with a difficult budget, a depressed agriculture and widespread unemployment but also with the problems of a country almost entirely surrounded by hostile States. One of these States is Germany, and within Czechoslovakia itself there is a vigorous German minority that has gone Nazi.

Benes had been Foreign Minister of Czechoslovakia since its creation and had established himself as one of the leading figures in European diplomacy. Among his own people he inspired so much confidence that, looking somewhat dubiously at the small Czechoslovak Army and the ring of hostile nations, they would say: "Our best army is a one-man army—Benes."

Geographers have often remarked that Czechoslovakia is shaped like a bull-headed fish. Around the head, which contains the richest industrial region, lies Germany. Along the southern, the lower side, are Austria and Hungary, no more friendly than Germany to the republic that has shorn them of their former power. Along the northern side, body and tail, is Poland, once neutral but now hostile. Only the northern tip of the tail is bounded by a friend, Rumania.

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Along these frontiers constant danger lurks. For example, the Polish Consul at Moravska-Ostrava, in a district where there are many Poles, referred recently in a speech to this part of Czechoslovakia as "Polish ground" and declared that "the day of vengeance would come." Prague withdrew recognition of the Consul and tension between the two governments grew. Czechoslovakia could not help associating this Polish agitation with the sudden friendship between Germany and Poland, signalized by those hunting parties attended by General Goering and members of the Polish Government.

Another of these hunting parties, which have become a feature of Central European politics, included Premier Goemboes of Hungary. Budapest recurrently clamors for revision of the Treaty of Trianon, which means, among other things, the restoration of that part of Czechoslovakia which is inhabited by Hungarians and was formerly part of Hungary.

If the Habsburgs were restored in Vienna, Austria would become a distinct threat to Czechoslovakia. Against the Habsburgs, who ruled Bohemia for centuries, mercilessly and despotically, Masaryk and Benes conspired for Czechoslovak independence, which was achieved only through the dismemberment of the old empire. This explains why Czechoslovakia has threatened to mobilize should a Habsburg monarch be crowned in Vienna. Faced with this twin danger of Austria and Hungary, Czechoslovakia counts on her fellow-members of the

Czechoslovakia's racial divisions

Little Entente, Yugoslavia and Rumania, to assist her.

Germany, however, is the chief menace to Czechoslovakian security. Hitler's Third Reich looks hungrily at the rich industrial resources of her neighbor, and some of the Nazi leaders have marked out the western and German end of the country as their spoil. Should Germany seize Austria, she would not tolerate a strong Czechoslovakia on her flank. Furthermore, Czechoslovakia lies on the way to the Ukraine and, if one can believe the promises in Hitler's *Mein Kampf,* not to mention frequent rumors of an invasion of the Russian Ukraine, there is ample danger here.

The Czechoslovaks have relied on France and, more recently, on the Soviet Union for protection against Nazi Germany. A year ago, after France and the Soviet Union signed a mutual assistance treaty aimed at Germany, Czechoslovakia also made a pact with Russia. Later French and Russian officers participated in the Czech army manoeuvres.

Czechoslovakia's international and domestic problems are so closely intertwined that they must be considered together. An acute depression has been engendered within the economic walls that her neighbors have built along her frontiers, and inside these barriers are the conflicts of the various nationalities that make up the Czechoslovak population. Thus when the Polish Government recently took a provocative nationalistic stand the Polish minority developed rebellious tendencies. But the Polish minority is negligible, and Poland is not a great power. The real danger is Germany, and the large German minority in Czechoslovakia has become more and more restless.

This German minority is organized in the Sudetendeutsche Heimatfront, led by Konrad Henlein, a former teacher of gymnastics. In less than two years the party has been remarkably successful. At the elections in 1935 the Henlein movement gained representation in Parliament as the second largest party, with 44 seats to the 45 of the dominant Czech Agrarians. It is well organized, amply provided with funds and receives over 80 per cent of the German votes.

Henlein officially proclaims his loyalty to the republic and his adherence to democratic government, but he demands that the German section of the

country be transformed into an autonomous Province. Nevertheless, there is ground for his opponents' charges that he is really a Fascist and disloyal. His violent anti-Marxism, his anti-Semitism, his pronouncements which smack of the totalitarian State and his insistence upon the solidarity of the German race are typical of Nazi propaganda. However strongly Henlein himself may protest his loyalty to Czechoslovakia, most of his followers desire incorporation in the Reich. Of their close connection with the German Nazis there is no doubt.

Henlein's professed allegiance to the republic and his avoidance of any open connection with the Reich gained his party permission to exercise their constitutional rights and take their places in the Chamber. When urged to suppress the Henlein party President Masaryk insisted that the forms of democracy be preserved. His reply is said to have been: "I still believe in Plato." It is, therefore, rather surprising that considerable numbers of voters should turn from this tolerant democracy to fascism. Czechoslovakia, after all, has had a good record as a democratic State and for its treatment of national minorities. In a total population of 14,729,000 there are 9,688,000 Czechs and Slovaks, 3,231,000 Germans, 692,000 Hungarians, 540,000 Ruthenians and 81,000 Poles. Each group has been free to use its own language, maintain its own press, schools and religion and send representatives to Parliament.

The rise of the Henlein movement is partly explained by national antagonism, which even fair treatment cannot entirely dissipate. The Germans still look down on the Czechs and Slovaks, who were their political inferiors under the monarchy, and resent the preponderance of Czechs in government positions. Added to this is the depression, which has brought much unemployment, particularly to the highly industrialized German districts. Hitler money for propaganda also has played its part. But most important is the ability of the Nazis to take advantage of their privileges under a democratic régime.

The freedom of the press, for instance, has helped Henlein. Those German-language papers which have not been openly pro-Nazi have studiously ignored the worst features of the Third Reich—its purges, concentration camps and numerous acts of repression. Lucrative advertising contracts from large German firms have had their effect. How Nazi influence is exerted on the German-language newspapers is illustrated by the case of one of the largest, which belongs to the same individual who owns a paper in Leipzig. Naturally, he fears Nazi retaliation should he print unfavorable news. Radio, too, serves the Nazis; the powerful 120-kilowatt Leipzig station sends Nazi propaganda to most parts of Czechoslovakia, some of it directly attacking the republic, for Czechoslovakia has no radio non-aggression pact with Germany, as it has with Austria.

Party politics has given Henlein his best opportunity. Czechoslovak politicians, unlike ex-President Masaryk, are less interested in Plato than in patronage and positions. Henlein's success in the elections of May 18, 1935, was largely due to the refusal of the other parties to make common cause against him. The German Agrarian party would not unite with the Czech Agrarian party, nor would the German Social Democrats make common cause with the Czech Social Democrats.

Even after Henlein's success at the polls factionalism and personal ambitions protected his position. The

Presidency was the prize in the game, since the resignation of Masaryk had long been expected. Various leaders of the Agrarian and other parties were supposed to have Presidential ambitions, and it was freely predicted, after the May elections, that one of these politicians would win the Presidency through a deal with Henlein, who would deliver his party's votes in return for protection, Ministerial posts and patronage.

The Germans were not the only discontented group. The Slovaks have not got along too well with their kinsmen, the Czechs. They have claimed that the Czechs took the lion's share of government positions, while as devout Catholics they have felt that the Czechs were bad Catholics, in view of the survival of the Hussite tradition in Bohemia and Moravia. Father Hlinka's Slovak party gave this antagonism its political expression.

Benes met this situation by a diplomatic move. In the Spring of 1935 he negotiated an agreement with the Vatican to transfer parishes that were formerly under German, Austrian and Hungarian Bishops to Czech and Slovak Bishops, and to recognize the Vatican's right to appoint members of the hierarchy. As a result, Hungarians and Germans were no longer subject to racial propaganda from their foreign Bishops. Many Slovaks were likewise mollified when the Papal Legate and Benes sat down together at a banquet to celebrate the new rapprochement between Church and State. Slovak pride was further salved by the elevation last October of Hodza, a leader of the Slovak Agrarian party, to the position of Premier.

Racial ferment in Czechoslovakia is intimately affected by economic conditions. The Slovaks are not difficult to conciliate, for they are mostly farmers who have benefited by the government's liberal agrarian policy. On the other hand, the discontent of the German population, which is largely centered in the chief industrial districts of Bohemia, has been aggravated by unemployment. The depression has been particularly severe in mining and manufacturing, and there are few signs of revival.

Here, too, the problem has international roots, traceable to the dismemberment of the Austro-Hungarian Empire. Bohemia, once the industrial heart of the empire, sold its goods in the present States of Austria and Hungary and part of Yugoslavia. Today the tariff walls erected around both these and other European States have shut out the products of Czechoslovak industry.

When business made no real advance in the Summer of 1935 Henlein's agitation began to bear fruit. During the military manoeuvres it was found in the districts where they took place that the German population was definitely hostile. Field telegraph wires were cut and military property was damaged. Minister of War Machnik declared: "Such was the atmosphere in some districts that it gave the impression of a battlefield between two hostile armies."

At the same time Henlein provided ground for criticism by taking a vacation in England for the purpose, it was alleged, of conferring with officials of the Reich. "Henlein," the *Narodni Listy* of Prague wrote, "recently had important conversations with German political personalities, in the course of which it was decided that the Little Entente should be broken up so that Yugoslavia and Czechoslovakia could be brought under the influence of Germany and England." The newspaper added that Henlein

would try to orient Czechoslovakia toward Germany.

Whatever the truth of these statements, Henlein's return from his vacation marked the beginning of a more vigorous campaign than he had dared to carry on before. On Sept. 1, at Haida, 40,000 Henlein supporters gathered to hear speeches proclaiming a strenuous fight against the existing system of government. Henlein himself provided the crowning sensation by threatening to "save from hunger our brothers and sisters by means of a great international campaign of relief." The word "international" was considered ominous.

Finally, on Sept. 21, the Nazi danger was brought into the open by the *Prager Presse* trial. When the Agrarians were first manoeuvring with Henlein, that newspaper, Benes's mouthpiece, had printed an article accusing Henlein of having direct relations with the Reich. Henlein brought suit for libel. At the trial the counsel for the *Prager Presse* produced evidence to show that Nazi Storm Troopers from Germany were ordered to act as "stewards" in civilian clothes at Henlein party meetings. The newspaper had also stated that a Prague bank that financed various Henlein organs was completely "dependent" on a large Berlin bank. Winkler, a former Austrian Minister, supported this statement by testifying that Henlein had received large sums of money from German sources. Since the *Prager Presse* is regarded as authoritative, all this seemed evidence to confirm the fact that the Henlein movement is a direct offspring of the German Nazis.

While these revelations aroused some elements in Czechoslovakia to combat the Nazis, others were prepared to compromise. As a result of the depression, various Right-Wing parties—the National Democrats, the Czech People's party and some of the Czech Agrarians—had developed Fascist tendencies. They did not like Henlein, but they disliked the Left still more and they clamored for a more "authoritarian" government. Besides, they had no use for the pact with the Soviet Union and they were not at all sure but that more friendliness toward Germany was not the proper course. Premier Hodza expressed this attitude when he talked of the need for a bloc of Central European States as protection against the "contamination" of the "economic constitution of Bolshevism." This was obviously aimed at Benes's democratic tendencies and his friendship with Moscow.

The Presidential election in December brought matters to a head. As was predicted, the Henlein party was an important factor, for the Right-Wing, pro-Fascist parties, together with the Czech Agrarians, courted the support of both Henlein and Father Hlinka, the intransigent leader of the Slovak party, in an effort to elect their candidate, the ultra-nationalist Professor Nemec. Professor Masaryk called for the election of Benes and rallied the Left to his side. An anti-Fascist front was formed by the Communists, Socialists, Catholics (who were conciliated by the Vatican pact) and moderate Slovaks. In the end the Czech Agrarians, finding the demands made by Henlein and Hlinka too exacting, went over to Benes.

With the Presidency decided and a strong statesman at the helm, it becomes possible to view the situation more clearly. Will fascism, stimulated by Henlein's presence in the domestic situation, overcome democracy? Will Czechoslovakia, menaced by fascism within and by hostile nations without,

be able to survive as an independent State?

The prospects of democracy at present seem favorable. The result of the Presidential election indicates that Masaryk's democratic tradition is holding its own, and that Benes, Masaryk's political heir, will guide the State for some time to come. The minorities, particularly the Germans, will continue to present a difficult problem, but the challenge to democracy is being fairly met by democratic methods. If successful, Czechoslovakia will provide an example of how strict adherence to democracy can counteract anti-democratic ideas.

Czechoslovakia's progress as a democracy, however, will be seriously retarded unless the economic problems that contribute to the discontent of the minorities are solved. Yet the situation cannot be dismissed merely by saying that until economic walls are razed, Czechoslovakia cannot keep peace within her borders. An economic union of Central European States, so often discussed, now seems more remote than ever. Until such a solution is reached, therefore, Benes or whoever leads the country must accept this handicap and concentrate all energies not only on conciliating the nation's minorities but also on alliances with other nations.

Czechoslovakia, as a testing ground for democratic methods, may easily be distracted by the vexing questions of foreign policy, while her survival as an independent State depends on how well she can fortify herself against the danger of German militarism. She must have powerful allies, and thus she is confronted with no more important problem than that of her relations with France and Russia.

"France, of course, will come to our aid in case of a German attack," a Czechoslovak official said to me last Fall, with a gesture suggesting that perhaps he did not altogether believe what he said. Last Spring faith in France seemed at first to be justified by the mutual assistance pact between that country and the Soviet Union. Czechoslovakia proceeded to make a similar pact, in which, however, there was an important reservation. Mutual assistance between Russia and Czechoslovakia, it was agreed, will be given in the event of aggression against either party only if the victim is assisted by France. France remains a question mark because the French Government has, at this writing, not yet ratified the pact with the Soviet Union.

If, then, the alliance between France and the Soviet Union holds good, Czechoslovakia can breathe more freely. But if France should throw over Moscow and make a pact with Berlin—a possibility in view of Laval's negotiations with von Ribbentrop—Czechoslovakia will be in an embarrassing position. She will then have to make her peace with Berlin, for it is her unfortunate lot to be at the mercy of the struggle for power among stronger neighbors.

This is the significance of Czechoslovakia's position. All her gallant efforts to retain democratic government and to deal fairly with racial and economic problems must be subordinated to the demands of security. A shift in the alignments of the great powers can retard, perhaps destroy, all her labors for internal peace. Czechoslovakia's future depends above all on a reorganization of European peace, political and economic.

The New Russian Peasant

By LEMENT HARRIS*

THE slow-moving peasant of ancient Russia is being made over. For ten years after the revolution nothing much happened to him, but since 1929 his life has changed completely.

Once the State was in the hands of the Soviets, the problem in regard to agriculture was that of moving from feudalism to socialism. The backwardness of about 125,000,000 peasants made it difficult to the point of perplexity. They were illiterate, superstitious, cruel and, above all, suspicious of anything new. Had not every scheme in the past been only a new way of forcing work out of them? Always their deepest craving had been for land, since if they had land they could somehow raise a crop and have grain for the Winter. The Bolsheviks had given them land, and they expected to farm it quietly.

Thus, for ten years after the revolution, the old life went on. The man of the house beat his wife; she beat the children; the children beat the animals. There appeared in the villages a little pamphlet selling for two kopecks entitled *Don't Beat Your Children.* With simple words and in large type, like that of a child's primer, the pamphlet described beating as the method of bloody Czar Nicholas, while the Soviet Government stood for friendly reasoning. More than a pamphlet, however, was needed to end the old dark customs. There had to be a revolution, and a revolution on whose banner was inscribed a tractor.

When the Bolsheviks took the idea of the collective farm to the villages they at first met with a cold reception. A country school teacher told me how, as a member of the Communist party, he had argued for two years in the village before the peasants were willing to try the experiment of their first little collective, and even then they entered full of doubts, with the right to withdraw after the first season if they did not like it. I made it a practice last Summer to ask peasants about their new life. Their answer was usually something like this: "Not bad. We have difficulties." This was high praise. The grumbling about the lack of supplies in the country store, which usually followed this comment, only proved that the answer was a genuine expression of peasant approval. Behind his answer, "Not bad," lies the impressive fact that the peasant's income is vastly higher than it has ever been before.

Today the Russian peasant is beginning to look a little different. As a first sign of advancing civilization, the beard is gone. A peasant manages to visit the new village barber shop about once in ten days, and so most of the time he looks like an Autumn chestnut burr. He is wearing real shoes, and this is a big advance over the straw and cloth with which he used to bind his feet. Now a man has enough money in his pocket to buy real shoes. When they appear in the village store there is a great rush and

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a few hours later all shoes are sold.

The village demand for manufactured goods is greater than even the expanded industries can yet supply. This causes considerable grumbling, especially from the older peasants, to whom grumbling has always been a recognized pastime. Plenty of them are not impressed by the arguments of local officials, who explain that the war danger has forced many factories to produce war materials rather than consumers' goods.

Thousands of peasants who cannot buy what they want in the villages go long distances to the cities to shop in the big stores. I found in Moscow's largest department store crowds of peasant men and women at the shoe counters handing over their money. These peasant shoppers were not discouraged because prices were higher in Moscow than in the country.

But with the change have come new difficulties—problems of living, labor supervision, technique and management. The shift from strip tillage with crude tools to modern, large-scale farming, from individual to collective farming, brought with it the need to train thousands of bookkeepers and mechanics, farm specialists and so forth. And there was no one for these tasks except the medieval peasant. Yesterday he used a walking plow; today he drives a caterpillar tractor. Yesterday he could neither read nor calculate; today he must understand cost accounting.

Five years ago I saw a good deal of new machinery wrecked through ignorance. A peasant tractor driver, finding that dirt was in the gas-line, would take a heavy wrench and twist off the whole line in his crude attempt to open it. In some cases tractors were run without oil or water. The answer to this problem was the development of machine tractor stations with well-equipped machine shops to serve the surrounding region. These were so placed that the heavy equipment of a given area could pass through them in the Winter and thus by Spring be in first-class condition.

I noticed that one of the institutes for agricultural research was designing a model repair shop on wheels. The director of this institute explained that the machine tractor stations were helping the collectives to organize movable repair shops so that breakdowns could be quickly dealt with and the tractors kept running.

An intense nation-wide campaign had been conducted to arouse public interest in the social significance of tractors and heavy farm implements. Machinery has become a part of the life of every village. Celebrations, parades and speeches force technical matters upon the attention of even old grandfathers. During the Winter every one of the 4,000 machine tractor stations gives a three months' course of instruction without charge for collective farmers. The students' living expenses are met by the collective farms, which regard this class work as useful as labor in the fields. In addition, many of the State farms *(sovhozes)* include technical schools for training peasants. All this educational work has provided many thousands of well-trained mechanics and agricultural specialists who can operate and repair the new equipment and machinery. These mechanics keep old tractors running more continuously and efficiently than they ran when they were new.

The past five years have also been marked by an immense increase in the production of all kinds of farm machinery. New tractor factories are now running full blast, turning

out an excellent product. In January, 1936, there were 400,000 tractors on the Soviet farms. (This compares with 1,000,000 tractors on American farms in 1930.) Improved labor methods within the plants have raised production considerably beyond schedule, and it is expected that in 1936 more than 200,000 more tractors will be available for the collectives.

I visited a factory where combine harvesters are made. This plant had been built originally on American lines, but so many improvements have been added that its product is now undoubtedly superior to the best American combine. The most important change enlarged the cylinder, which is the heaviest and most expensive part of the machine. In the United States the cylinder is kept as small as possible in order to reduce manufacturing costs, but Soviet engineers have greatly widened the cylinder, thereby guaranteeing good threshing even when harvesting conditions are unfavorable. The combine factories can afford to do this and still show a profit on their books because they have no sales problem, no advertising, no large salaries, no rent for land or buildings.

The director of this factory described how the plant tries to assist the collectives in training their members in the proper care of this strange new machinery. "This Summer we trained 290 combine mechanics right in our own plant," he said. "Besides that, we sent 300 of our men to the field at harvest time to give practical help. In fact, each division of our plant assumes patronage over certain collective farms in this territory. During the harvest our men go out on their free day. In return the collectives send us special food supplies for our factory dining room. Some peasants come here to work and thereby help us to overcome our shortage of labor."

Throughout the recent period of rapid industrialization there has been a great movement, totaling millions of peasants, to the industrial centres. You find peasants of yesterday at work as trade union members in all the factories. Here is a great steel mill named after Karl Liebknecht. While standing near one of the great electric furnaces, waiting to watch a pouring, I talked with a puddler who came in from the farms six months before. He told me how he started at 150 to 200 rubles a month and now earns 300. "I go to school after work and study machinery." (I learned that 60 per cent of the workers in this plant were studying.) "But come over here, I want to show you something." He took me to the drinking fountain and told me to drink. The water was charged, like soda water, as a special service for those working in hot places.

At the same time that grain-harvesting machinery is being improved, important developments are taking place in wheat culture itself. In one of the experimental farms in Siberia perennial wheat is growing. The same stool will produce a crop year after year. It is a hybrid of a good drought-resisting variety of wheat and a mountain grass found in Central Asia. I saw this perennial wheat in a greenhouse in one of the Ukrainian experimental stations and also in a little laboratory attached to a collective farm. If perennial wheat proves successful, the labor required for growing a crop will be reduced after the first planting to simply harvesting once a year. Harvesting this crop with the improved combines should reduce enormously the cost and labor of rais-

ing wheat. Perennial wheat would also solve the problem of wind erosion on the prairies, since the stools from which it grows have a wide root system.

Thus modern technique is closing in on the grain crop from three directions: First, the mass production of tractors and harvesting machinery; second, the development of improved machinery to operate over a greater area and handle a greater percentage of the crop, and, third, improved plant varieties which simplify the process of wheat production. How will all this affect the peasants? One combine can do in ten days the same work, with less loss of grain, that formerly required 200 peasants working for five weeks. This opens the way for shorter working hours on the farms, for an end to the tyranny of the soil.

Experiments are going forward in all lines of farming. Here is an experimental station designing a cheap type of electrically heated hotbed that can be assembled by a village carpenter. Such hotbeds greatly extend the season for fresh green vegetables. Here is an experimental station in the black-earth region where special types of incubators are being designed. It was noticed that a mother hen succeeds in hatching a higher percentage of eggs than the best incubators. The research scientist thought that this might be due to the natural variation of temperature that occurs as hens get on and off their nests and move the eggs around with their bills. Temperature is being varied in experimental incubators to see if this is the factor that explains the hen's success.

Today nearly every well-organized collective includes an experimental department, located in what is called the laboratory hut. The director of the laboratory is likely to be the village schoolmaster, who organizes a brigade of volunteer collective members to assist him in carrying on various projects. In the Ukraine alone there are 3,000 farms with laboratory houses and research brigades—the "Mitchurin groups." They select seed, prepare breeding charts, experiment with new plants, all with the assistance and direction of the nearest State experimental station. They have even a special edition of the *Peasant's Gazette,* with a special page reporting the successes of different laboratories.

More difficult than the mastering of technique has been the question of management. Where could presidents and brigade leaders be found who would be competent to plan farm operations? Bookkeeping alone loomed as an insoluble problem. But to meet this a national call was issued for bookkeepers who would volunteer for two years' service in the villages. Several thousand trained bookkeepers responded and went from farm to farm, training peasants to keep accounts.

I remember in 1930 visiting an isolated collective which had just been organized. Here the bookkeeper was an old woman who could barely write. I saw her at 6 in the morning in a harvesting camp. She was sitting on a grain sack with an open ledger in her lap, marking with big scrawly figures the number of hours each collective member worked. Between figures she would suck an indelible pencil which had purpled her whole mouth. She was the official bookkeeper of this new collective.

By 1935 the bookkeepers had raised their craft to a higher level. They now have a special room for working on the accounts and proudly display to visitors the income and expenditure sheets. Everything is done with pen and ink, because a typewriter is still an unusual machine in a rural commu-

nity. As large sheets of paper are not available, the bookkeepers paste together a number of sheets for their exhibits.

Much of the success of a collective farm depends upon the wise choice of the president, who is elected by a mass meeting and confirmed by the local Soviet. Final power to appoint or remove lies with the mass meeting, but if the Soviet disapproves of the choice it can reopen the discussion and present its views.

I noticed that many of the presidents had formerly been "horseless peasants"; that is, the people who were too poor to own a horse and had to work primarily for a kulak or landlord. They were, of course, constantly in debt. After the revolution they received land, but lacking the money to buy equipment and livestock, they continued to work for the kulak by whom they were terribly exploited. When the collective farms were established, these poorest peasants joined immediately, because they saw the opportunity of earning some cash and living much better. They became the most solid and the stanchest supporters of collectivization.

As the collectives developed, the kulaks saw that their days of prosperity were at an end. It was natural that they should do all they could to prevent the collectives from succeeding, and even in 1935 I encountered a case where some desperate kulaks had attempted to disorganize a collective by putting arsenic in the milk that was fed to the calves. But this battle with the kulak is nearly over. In most instances he has become a loyal member of the new society.

In 1935 important steps were taken to protect the personal security of every collective farmer. First, the title to the land used by the collective was guaranteed forever. Then every member was guaranteed a personal plot of land big enough for a garden, potato patch and small orchard. In addition it became a national policy to "liquidate the cowless peasant." As a result I found that each peasant who did not own a cow was supplied with a heifer at small expense by the collective farm. These rules affecting all collective farms were drawn up and agreed to at the Second Congress of Collective Farmers.

In commenting on these model rules regarding the amount of livestock that collective farmers may have for their own personal use, J. A. Yakolev, Commissar of Agriculture, said: "The new model rules place no limitation on the number of privately owned rabbits and poultry in any of the districts. We refuse to count the quantity of poultry or rabbits a collective farm woman has raised—let her raise all she can; it will only be of benefit to the State, the collective farms and the collective farmers and the workers."

The test of the collectives in the peasant's mind is the money he receives after harvesting. It was on his hope of increased income that he joined the collective farm in the first place. He was not a Communist and had no political theory. His criterion was whether or not he would personally gain by cooperating in production. The fact that 90 per cent of the peasantry have joined without compulsion means a good deal.

The books of the collective farms now show that each working member will earn about 750 to 1,000 rubles a year, apart from receiving a number of social benefits. This is a dazzling income to people who are just emerging from feudalism. It is still a modest sum, but there is reasonable expectation of seeing it rise to 5,000 rubles in the next few years.

War and Overpopulation

By RAYMOND PEARL*

THE aggressor in every major war in recent times has given the need for more room for his people as a primary and noble motive for reluctantly leaving the paths of peace. He asks the world to contemplate two pictures that he puts side by side.

One shows poverty-stricken folk so crowded together that even the common decencies of life and living are impossible. The homeland is not big enough for them to spread out any more. Its resources are insufficient to support them in the way they should be supported.

The other picture is of rich, beautiful and sparsely peopled lands that belong to somebody else. Their selfish and bloated owners make only inadequate use of them, as they sit on the gaudy heights of empire, gloating over the distress of their unfortunate, but worthy, fellow-men. This picture is intended to stir your righteous wrath, to the end that your sympathies, your oil, your munitions and in the end the very lifeblood of your countrymen will flow to the succor of the artist who painted the pictures.

Many diverse opinions have been expressed about how much real truth there is in such a heart-rending story. Some writers have said that in so advanced and wide-awake a world as this there is not and cannot be overpopulation except perhaps among unimportant and foolish aggregations that have neglected to grasp the blessings of the industrial life. Others allege that pressure of population is not only a ghastly reality in a large part of the world but constitutes the most serious problem confronting the intelligence of mankind. Still other conflicting opinions range between these extremes. Let us therefore attempt an objective and realistic examination of the facts regarding density of population on a world-wide basis.

The total surface area of the globe is roughly a little over 192,000,000 square miles. But of this total area the geographers and geologists estimate that oceans take up about 72 per cent, or between 137,000,000 and 138,000,000 square miles, leaving only 28 per cent, or about 55,000,000 square miles, as land area. These are, of course, only approximate figures. A recent careful study shows that if one adds up the officially stated areas for each political subdivision of the earth's land surface the result is, in round figures, 52,000,000 square miles.

By no means is all this area habitable by man. Climatic, topographical and other purely physical factors set off substantial parts of it as impossible for continued human existence. Furthermore, the figures given for land area in many cases take no account of lakes and other inland waters. These may, and to some extent actually do, contribute a little to the means of human subsistence. But, except to an insignificant extent, peo-

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ple never have dwelt and cannot permanently dwell upon the surface of lakes any more than they can upon the surface of oceans.

Again, at best only extremely sparse human populations can permanently live in true desert areas. A competent authority has lately estimated that at the present time "one-fourth of the earth's land surface and nearly one-fourth of the area of continental United States is arid or semi-arid." Other authorities hold that if the semi-arid lands be included the figures for the United States should be more than one-fourth. Obviously, then, the 55,000,000 or 52,000,000 square miles of land area of the globe is considerably larger than the area capable of human habitation.

Still another point must enter the argument—the fundamentally important distinction between merely "living" and "getting a living." Some years ago it was a favorite swindle to sell to ignorant and unsuspecting city dwellers parcels of land in the cut-over pine barrens of the northern part of the lower peninsula of Michigan. The poor buyers soon found that it was impossible to make a living by farming this land, for it would not grow enough to support them. All over the world there are similar areas that present no absolute physical obstacles to human existence but in which, by no possible stretch of the imagination, could more than a few, if any, human beings make a living.

On the 52,000,000 square miles of land area of this planet that we can definitely add up, without making any allowance for the restrictions and disabilities to which it is subject for purposes of human habitation, there are living today more than 2,073,000,000 human beings—men, women and children. Simple arithmetic thus shows an average density of population of about forty persons per square mile, which means that, on an equal parceling of the computed land area, each man, woman and child in the world would get a little more than sixteen acres, enough certainly for a modest poultry farm.

But, as has already been pointed out, not all the land surface of the globe is good for poultry farming or anything else. Actually, therefore, a conservative estimate would probably show that not much more than half the statistical figure of 16.3 acres is available to support each individual in the world's population on land worth anything for the production of the things—animal, vegetable or mineral — that directly or indirectly make human living possible.

According to the census of 1930, the population of the United States has a density—40.6 persons per square mile—very close to that of the world as a whole. If, therefore, one starts with one's own personal impression of how densely populated this country is, not forgetting that cities as well as rural areas come into the reckoning, it is possible to reach an average picture of what the whole world is like in relation to human population and land area.

The population and land areas of the globe are distributed by continents about as follows: Europe is the most densely populated continent with about 5,600,000 square miles, 514,000,000 inhabitants and an average density of about ninety-two persons per square mile. Next comes Asia, the largest of the continents, with 14,900,000 square miles, about 1,140,000,000 inhabitants (more than half the total present population of the globe) and an average density of about seventy-six persons per square mile. The rest of the world falls below these

enormous average densities. North America (including Central America) is the third most densely populated continent, with between nineteen and twenty persons per square mile. Africa and South America again drop well below North America, each having gross average population densities of about twelve persons per square mile. Finally, Australia and Oceania together have an average gross density of only about three persons per square mile.

Turning now to particular countries, we find that of the major political or "national" subdivisions of the earth and its people the twenty most densely populated according to the latest figures are:

Country	Persons Per Sq. Mile	Country	Persons Per Sq. Mile
Belgium	700.5	Switzerland	255.1
England and Wales	684.8	Hungary	241.8
Netherlands (excluding water area)	659 1	Poland	221.2
Japan (proper)	449.2	Denmark	220.5
Germany (including Saar District)	363.5	Austria	208 8
Italy	356.0	France	196 8
China (proper)	299.3	India	195.1
Czech'slovakia	271.5	Portugal	192 3
		Rumania	153.7
		Bulgaria	152.9
		Yugoslavia	145.8
		Greece	131.7

This table contains a number of surprises for the unwary and the uninformed about population matters. First, China and India, contrary to popular opinion, are not the most densely populated countries in the world. China stands seventh and India fifteenth in the list of twenty. Actually, only one small Province of China (Kiangsu, the coastal Province containing the great cities of Nanking, Soochow and Shanghai), with its 897 persons per square mile, has a greater density than Belgium.

To take an example nearer home for a better understanding of the possibilities of human crowding, consider Bermuda. The American tourist would never imagine that the population of that little island is more closely packed together than are the "teeming millions" in such Provinces of China as Kiangsu. Yet in Bermuda there were at the 1931 census more than 1,462 persons per square mile, about one and two-thirds times as many inhabitants per unit area as in the most crowded Province of China. This comparison has no meaning except in the one respect of density of population. Although Bermuda has a very small area and a small absolute population, under present conditions it has almost twice as many persons per square mile living in at least a fair degree of comfort and happiness as are eking out an existence in China's most crowded political subdivision.

Because China is so often referred to as "overcrowded," let us examine the situation in some Provinces other than Kiangsu. Kwangtung, the southernmost coastal Province, which includes the city of Canton, has an area of about 100,000 square miles and a population of about 368 persons per square mile. But Rhode Island, with a population density of 644 per square mile, Massachusetts with 529, and New Jersey with 538, are each quite definitely more crowded.

It might be objected that all population figures for China are not census counts, but merely estimates. This is true. There may conceivably be more people in the Provinces of China than are indicated. Nevertheless, the figures used here represent the best judgment not only of the most competent authorities in China but also of distinguished statisticians elsewhere and so may be taken as probably pretty close to the truth.

India is popularly supposed to be

second only to China in the crowding of its humankind. As it counts nearly the whole of its population, and estimates only a small fraction, its census reports are regarded as reliable. The figures show that as a whole India has just over 195 persons per square mile, which is substantially the same population density as that of France. But large parts of India's land area are incapable of accommodating large human populations because of jungles, deserts and other disabilities. Some of the regions of that great country are in consequence much more densely populated than is suggested by the relatively modest figure of 195, indicating for the country as a whole less crowding than prevails in the States of New York (264), Pennsylvania (215) or either of the New England States already mentioned.

The only political subdivision of India with more persons to the square mile than Belgium or England and Wales is Cochin, which has an area of approximately 1,480 square miles, only a little greater than that of Rhode Island and considerably less than that of Delaware. Cochin has a population density of 814 persons per square mile. England, without Wales, has 743 persons, and is definitely more crowded than Travancore State with 669, than Bengal with 616, and much more so than the United Provinces with 442, the Punjab with 229, Baroda with 299, Mysore with 225, Hyderabad and the Bombay Presidency each with about 174 persons to the square mile.

Because China and India together contain about two-fifths of the total population of the world, it is assumed that they must be the most densely populated areas of the earth's surface. But this is quite evidently not so. The development of industrial and commercial processes for getting a living—the furnishing of matter and energy in forms that can be sold to people—and the parallel growth of easier and cheaper methods of transportation and communication have in the Western World led to a degree of crowding of people together in cities in certain localities far in excess of the most extreme densities in the East.

Taking a world view, we find that the increase of urbanization has by no means reached its end. During the depression years there were, to be sure, some signs of a reverse trend in the United States—people moving back to farms—but they probably indicated only a temporary reaction to extraordinary economic conditions. But in a broad sense the most striking thing that has taken place in regard to agriculture during the last fifty years, not alone in the United States or Canada or Argentina but pretty generally all over the world, is that the progressive development of new knowledge, improved technique and fuller application of power and machinery have made it possible for fewer human beings to produce more of everything than was formerly the case. This means that agricultural areas—and mining areas too—need, and can comfortably support, less dense populations in their own regions and in their own businesses. Young people no longer needed in such businesses have inevitably slipped away to other occupations.

From the point of view of population density such movements lead to an odd sort of paradox. Social and economic forces and modes of thought that are fundamentally identical—namely, applications of new discoveries, improved machinery, better transport and communication, to the business of getting a better living—work in opposite directions when applied to agriculture and to industry so

far as concerns the trend toward human crowding. On the one hand, the movement is toward a still lower density of population in agricultural regions, already the most sparsely populated portions of the earth's surface capable of supporting any substantial population at all. On the other hand, there is the trend toward an even higher density—still greater crowding—in urban industrial centers, already most densely populated. What makes the paradox is that identically the same set of forces, at bottom, is producing these diverse results.

The same principle applies to a considerable extent as between mother countries and colonies or other dependencies. Densely populated countries with small areas, like those of Europe and Japan, are highly industrialized and commercialized. They cry for more land so that their people may spread out. But their nationals, by and large, refuse to leave the homeland in any considerable numbers to settle in the fair but sparsely populated regions available to them. Italy, for example, had succeeded up to the time of the World War in placing only about 8,000 of her people in all her African colonies together. Again, the colonial empire that was Germany's on July 1, 1914, had, all told, but a meager 24,000 or so German inhabitants.

Why this sort of thing comes about —and many other examples might be cited—is that the advance of science and technology at one and the same time brings about increasing opportunities for what individuals themselves regard—whether rightly or wrongly does not matter—as a relatively pleasant existence in the homeland, and diminishing opportunities for a similarly pleasant existence in colonies exploited for wealth production.

National as well as individual psychology is involved. Nations also have their pride. But they are not blind about the difficulties of getting their nationals to spread out into colonies. What they really want colonies for is to produce wealth. As they look about the world they perceive an unequal distribution of its richer lands. This is indicated in the following tables, which are concerned with nine political aggregations called "empires" in the sense that in each case all the lands and peoples are under the direct political control, wholly or partly, of a single country, called here for convenience the "home country":

TABLE I

AREA, POPULATION AND POPULATION DENSITY OF NINE "EMPIRES"

"Empire"	Area (Sq Miles)	Per Cent of World's Land Area	Population	Per Cent of World's Population	World "Empire" Density (Persons per Sq Mile)
British	13,042,896	25.21	496,344,556	23 94	38.1
Russian	8,241,921	15.93	165,778,400	8 00	20 1
French	4,649,407	8.99	105,444,795	5.09	22.7
American (U. S. A.)	3,738,437	7.23	137,904,330	6.65	36.9
Italian	992,944	1.92	45,105,638	2.17	45.4
Belgian	929,775	1.80	17,733,041	.85	19.1
Portuguese	848,066	1.64	15,738,954	.76	18.5
Dutch	800,569	1.55	69,260,628	3.34	86.5
Japanese*	723,292	1 40	129,783,555	6.26	179.4
"Empire" total	33,967,307	65 67	1,183,093,897	57.06	34.83
World exclusive of empires	17,775,456	34.33	890,250,321	42.94	50.08
World total	51,742,763	100	2,073,344,218	100	40.07

* Includes Manchukuo

TABLE II

AREA, POPULATION AND DENSITY OF HOME COUNTRIES CONTROLLING NINE "EMPIRES"

Controlling Country of "Empire"	Area (Sq. Miles)	Per Cent of World's Area	Population	Per Cent of World's Population	Density
Belgium	11,775	.023	8,247,950	.40	770.5
Netherlands	12,579	.024	8,290,389	.40	659.1
England, Wales and Scotland	88,745	.17	44,888,377	2.17	505.8
Japan	147,592	.29	68,194,900	3.29	462.1
Italy	119,713	.23	42,621,000	2.05	356.0
France	212,659	.41	41,834,923	2.02	196.8
Portugal	35,490	.069	6,825,883	.33	192 3
United States	3,026,789	5.85	122,775,046	5.92	40.6
European U. S. S. R.	3,513,728	6.79	133,769,700	6.45	38.1
Total	7,169,070	13.86	477,448,168	23.03	66.6

These tables may fairly be taken as a detail map of the dwelling place of one of the mightiest of the dread ogres that cause wars. Nine nations, with 23 per cent of the world's population, themselves living on only 14 per cent of its total land area, control 66 per cent of all the land in the world and, in greater or less degree, the political life of 57 per cent of all human beings. If Russia and the United States be regarded apart from the others, for which there is some justification, the remaining seven nations, with just under 11 per cent of the people in the world living on less than 1¼ per cent of its land area, control approximately 42 per cent of all the lands and all the people on the globe.

The contrast between the first four "empires" of Table I and the other five is striking. Each of these four has still a larger share of the earth's lands than of its people. Together these four control over 57 per cent of the land surface of the world. Is it any wonder that Japan, Germany and Italy are restless and discontented or that the appeal to "do something about it" warms the hearts of their respective peoples?

But suppose they do "do something" in the sense they mean—that is, go to war in the hope of eventually seizing some of the fairer parts of the good earth. Is the real problem going to be solved? It would seem that the answer is No. If Country A (with population density n) overwhelms Country B (with population density n or greater) and takes away her rich and sparsely populated colonies, obviously Country B will thereupon find herself in much the position that A was before the trouble began. The pot and the kettle will merely have changed places.

The world problem of population and area, however, remains unaltered in theory, though practically it will have been made worse because of the extravagantly wasteful destruction of real wealth that war always causes. This is the problem that is really serious—how can forty persons be maintained for every square mile of land surface of this globe—good, bad and indifferent land together? War cannot enlarge the land surface that must support mankind; it has never diminished the total number of people who want to live on it except by a tiny fraction for quite a brief period. There is no way out of the dilemma by the pathway of war.

Is Congress So Bad?

By Ernest Sutherland Bates*

No nation has been prouder of its democracy than America or more contemptuous of the institutions by which that democracy has been supposed to be realized. Particularly has that been the case with Congress.

Once, long ago, we are told, in the days of the giants—the mighty Webster, Clay and Calhoun—it served its purpose, but today its morals, like its manners, have declined. Congress, it is said, and especially the Senate with its endless filibusters, has become a mere debating society, and the time for debating societies is past.

Admitting, as one must, that the history of the American Congress, like that of every other government known to man, has been a fairly shabby one, is it true that the record shows a decline in manners, morals and intelligence? Has the legislative branch of the government actually been, on the whole, less wise or virtuous than the executive or judicial? Is the Senate really less efficient than the House? And are the defects of Congress defects inherent in every form of parliamentary government, or are they perhaps largely due to the peculiar American form of parliamentary government?

Any one who strolls into the Capitol at Washington to spend an idle afternoon or evening in the halls of Congress is, it must be granted, likely to be more impressed by the spittoons than by the good manners of the legislators. The untidy, unprepossessing individuals carelessly conversing with each other while some earnest speech is being made or, on the other hand, rising excitedly to hurl vituperative epithets at one another over some trivial issue—can these be the legitimate heirs of the dignified founders of the Republic clad in silk and satin, sedate with powdered hair, meticulous in their third-person references to "the gentleman from Massachusetts" or "the gentleman from South Carolina"? They can be, and they are.

The twentieth century did not invent spittoons, tobacco chewing or billingsgate. The third-person reference did not keep Congressmen in 1796 from sneering openly at the French pronunciation of Gallatin, the ablest member of the House. Powdered hair did not inhibit the fist fight of Matthew Lyon and Roger Griswold in 1798 while the Representatives gathered around to enjoy the spectacle of the two contestants rolling on the floor. It was during the administration of James Monroe that the electoral count was interrupted by such shouts and yells that it had to be abandoned for several hours. "Liar!" was an epithet heard in Congress long before the Civil War, and not only fists were flourished but revolvers. And, finally, there was the bludgeoning of the defenseless Charles Sumner in the Senate by Preston Brooks in the name of Southern chivalry.

With regard to morals, the facts are

*Mr. Bates's history of Congress, entitled *Our Billion-Dollar Debating Society,* will be published by Harpers in the Spring.

even clearer. The First Congress, filled with ex-Revolutionary officials and signers of the Constitution, passed the Funding Bill, which lined the pockets of many of those who voted for it while denying that they were "personally interested" in any way in a measure that turned over to speculators (chiefly themselves) all the profits from the certificates issued to the Revolutionary soldiers. Daniel Webster had intimate connections with the Bank of the United States during the years when he fought for it so valiantly in Congress. Pork-barrel legislation was never more frequent or more blatant than in the period of Andrew Jackson. The lowest point in governmental integrity, both executive and legislative, was reached during the administration of Grant and that was more than sixty years ago.

The American people are in no position to complain of the integrity of the American Congress, for the voters have almost always refused to consider lack of integrity as any bar to re-election. Not one of the profiteers in the First Congress suffered in his political fortunes. If this be discounted on the score that the franchise was then restricted to the well-to-do likely to sympathize with those men, the same situation recurred with the takers of Crédit Mobilier money during the Grant administration, when there was no restriction. Though a few of the most flagrant cases brought political extinction, Congressman James A. Garfield, who never satisfactorily explained his acceptance of Crédit Mobilier stock, was rewarded with the Presidency.

It would, of course, be absurd to claim that the standard of Congressional integrity has been extraordinarily lofty; it has, however, probably been as high as that of any equally large body of men exposed to similar temptations in other walks of life.

There remains the third item in the myth of decadence—the charge that the intellectual calibre of Congress has deteriorated with the years. We are reminded that there are no such orators in Congress today as Fisher Ames, Webster, Henry Clay, Charles Sumner and Thaddeus Stevens. True, there are no such orators. But oratory is an emotional rather than intellectual activity. Intellect is shown rather in the grueling work of the committees that now constitutes the inner and essential life of Congress—a fact that makes the impressions of our transient visitor in the galleries largely irrelevant. Oratory is entertainment, both for the orator and for his audience; intellect is concerned with more serious matters.

The most incompetent of Congresses were those during the War of 1812, when Webster, Clay and Calhoun all were members. The legislators then were unable to raise or equip an adequate army, further helpful negotiations or keep the Treasury from going bankrupt. Contrast with this the general efficiency—we are not discussing war profits or freedom of speech but military efficiency—of the American Congress during the World War.

As soon as the halo of antiquity is removed from the early orators one sees that after the undoubted slump during the Gilded Age—a period of real but temporary decadence in every department of American life save business—Congress has in the twentieth century brought forth statesmen superior to any that it produced in the past. The senior La Follette, Albert Beveridge, Thomas J. Walsh, James A. Reed, George W. Norris and—intermittently—William E. Borah, if judged not by speeches but by the

constructive legislation advocated and in many instances carried to fruition, would be considered the most socially useful Congressmen we have ever had. And if social usefulness is not the test of statesmanship, what is?

The comparison of the national Legislature with the executive and judiciary, especially the executive, is not quite so simple. The theoretical division of functions contemplated by the Constitution has worked out anything but smoothly. More and more the President, either directly or through the various departments, has tended to become the initiator of legislative policies which Congress, if of the same party, has usually adopted, and if of the opposing party, has obstructed.

Which is the more socially useful attitude will depend upon the time, place and President. If the President is unusually able, then the resistance of Congress is likely to seem mere "obstructionism"; if he is unusually the opposite, then obstruction becomes itself construction. As might be expected from its size, Congress tends to be a mean between extremes.

If in this respect Congress is more representative, and so somewhat more dependable, than the Executive, in another respect it is much less representative. The President is elected by "the people as a whole," the Congressman by a local territorial group. Whenever, therefore, the interests of a local group conflict with those of the rest of the nation, the President will have a more undivided soul than Congress, and can be more safely counted upon to represent the majority of the people.

Furthermore, the President can expect at most eight years in office, while membership in Congress often furnishes the occupation of a lifetime. The Congressman with his ear perpetually to the ground much more easily falls a victim to lobbies and pressure groups. Congress also seems to be a little more amenable to popular hysteria than the Executive. It was the young war hawks in Congress who drove Madison into the ill-advised War of 1812, and McKinley's hand was similarly forced by Congress in the Spanish-American War. Though we were led into the Mexican War and the World War by the Executive, Congress as a whole offered little opposition.

Finally, there is the popular theory of "the sobering effect of responsibility" upon the President. Actually, there has been only the solitary case of Chester A. Arthur to support the theory, but if there has been even a single instance of one's being made a better man by going to Congress history has not troubled to record it. So the theory, for whatever it is worth, counts for the President.

It would be a great mistake, however, to conclude that the only function of Congress at its best is to support good Presidents and oppose bad ones. Though the executive and the legislative tend to coalesce, to the advantage of the President, Congress down the years has been responsible for much constructive legislation.

Before the Civil War it was Congress, rather than the Executive, that attempted seriously, however unsuccessfully, to cope with the slavery problem, and since then civil service reform, the Interstate Commerce Commission, the income tax, limitation of hours of labor, anti-trust legislation and all manner of laws affecting social welfare have been initiated primarily in Congress. On the whole, the legislative has been fully as liberal as the executive in modifying the capital-

ist structure of society, to the support of which, in the last analysis, both have been equally pledged.

Here, in the matter of social welfare legislation, the record of Congress is in most striking contrast to that of the Supreme Court. Doubtless, the Constitution has to be interpreted by some one, but there seems no intrinsic reason why seven or nine appointees of the President and Senate should have been given power for life to nullify all legislation (the nullification often being accomplished by a single vote in a five-to-four decision), particularly when they have not always been outstanding in their own legal profession.

There was no intrinsic reason in 1789 any more than there is today for this anomaly in so-called democratic government, but there was the best of practical reasons. The farsighted Federalists, dreading a popular defeat at the polls, determined to build an impregnable line of defense in the Federal courts for the privileges of private property. How well they succeeded, the subsequent history of the country has demonstrated. Without going back into the Supreme Court's support of slavery before the Civil War, the list of progressive laws abrogated by it in more recent years is an appalling one. To be sure, the court's decisions have often turned on technicalities which subsequent legislators have been clever enough to surmount, but meanwhile the rear-guard actions of the court have cost a huge sum of needless waste and suffering for the benefit of a privileged class.

If the Supreme Court was the inner keep of the Federalist castle, the Senate was designed to be its barbican. Until long after the Civil War the Senate did fulfill fairly well its expected conservative function. It held out to the bitter end for the Federalists; it was the centre of opposition to Andrew Jackson; it became the stronghold of the Southern slave-owners; it was the court where Nelson Aldrich ruled, an uncrowned king, and as late as Theodore Roosevelt it was the safe retreat for every form of threatened privilege.

On the other hand, during that long period it by no means possessed any continuous priority in ability. At the outset the odds were the other way: Fisher Ames, Madison, Gallatin and Edward Livingston in the House were more capable than any of the Senators; it was then the Senate that adjourned to listen to the House debates, and it was the House that led in legislation. During his early years the erratic John Randolph was a far more brilliant figure than could be seen in the upper chamber. It was in the House that Webster, Clay and Calhoun all first made their reputation. Not until they carried their renown with them into the Senate did that hitherto rather stodgy body begin to take on life and color, and gradually displace the House as the focus of interest.

By the end of the nineteenth century, however, the supremacy of the Senate was definitely established, and it has never been shaken since. This was not due to the change from indirect to popular election of the Senators, since it preceded that change by a number of years. Rather it is to be ascribed to the fact that the Senate jealously preserved the independence of its members during the period when the dictatorships of Tom Reed and Joe Cannon strangled all freedom of discussion in the House.

Although the extreme despotism of the Speaker was broken by the successful revolt against Cannon in 1910, the House had by that time become so accustomed to marching in file that it was unable to resume a freer method

of locomotion. The habit of invoking "Special Orders" to suspend the rules and limit debate to twenty or forty minutes had become ingrained.

It is an open question whether the rights of the minority or the rights of the majority have been more copiously infringed in America. Both kinds of infringement may occur at the same time — for example, the color discrimination against the Negro has gone hand in hand with the larger discrimination against labor in general. Both, of course, are equally repellent to democratic principles. And it is no small thing that up to date the American Senate has continued to be one spot wherein freedom of speech still is held in honor.

Free speech demands a heavy price. No Congressional activity has been more widely criticized than the filibusters in the Senate, which have often seemed to the public to be cases of fiddling while Rome was burning. Nevertheless, although the filibuster has lent itself to misuse by a Huey Long for mere personal publicity, it has also been capable of utilization by a La Follette not only to postpone dangerous legislation but as a most dramatic means of arousing the public consciousness to an important issue. And somehow the Senate, without resorting to cloture, manages to pass about as many bills as the House with all the latter's regimentation.

The twentieth century has seen another great change in the increased liberalism of the Senate. This has probably been due partly to its popular election and partly to its maintenance of a higher standard of intelligence. Whatever the causes, the former relation of the two houses on this issue has been completely reversed. In the beginning the House claimed to be and was accepted as the "inquisitorial," that is, the critical, part of Congress. During the first twenty-five years, out of thirty investigating committees only three were in the Senate. During the period from 1900 to 1925, on the other hand, out of sixty such committees forty were in the Senate. Today it is the Senate, not the House, that offers what resistance there is to the control of government by special privilege.

The head and front of offense is the inefficiency of Congress, particularly with regard to measures of social welfare. A legislative body can hardly lay much claim to statesmanship if it does not set itself a continuous program of constructive legislation such as the American Congress has only at intervals even attempted.

A public-spirited citizen deeply concerned to remedy some grievous evil of the day must, first, with the support of whatever group of the like-minded he may be able to influence, persuade some Congressman to introduce a suitable bill. That is fairly easy. Then the bill goes to the appropriate committee. What happens then? Congressional committees are often like the proverbial lion's den; all tracks lead into them, but none lead out. The bill may die a natural death; it may be assassinated; the chances are that its lot will never be known; it has passed obscurely from somethingness to nothingness.

But suppose, on the contrary, that it is actually reported out and actually voted upon and actually carried. If it concerns a matter of real importance, it becomes a party measure. Now, owing to the longer tenure of the Senate, not infrequently the two houses belong to opposite parties. In that case, success in one means defeat in the other.

Less frequently, but occasionally, the President belongs to a different

party from both houses or has become involved in violent controversy with them. In that case, a Presidential veto is to be expected. And if the bill does at last become an act of Congress, duly signed by the President, it still has to run the Supreme Court gauntlet.

Some of the delay is altogether necessary and desirable, some quite foolish and avoidable. On the first day of the Seventy-fourth Congress 2,964 bills were introduced in the House of Representatives. Obviously without the selective work of the committees Congress would be absolutely swamped. Still, this does not seem an adequate reason for allowing the committees to be as autocratic as they have become. It is ridiculous in a supposed democracy for a group of half a dozen men to be able to hold up a bill indefinitely in opposition to the will of the majority. That is protecting minority rights with a vengeance.

The deadlocks between a Senate and House of hostile parties were largely responsible before the Civil War for the failure of Congress to achieve any solution of the slavery problem, and during the long period between 1875 and 1895 they paralyzed fully half the sessions.

Most disastrous of all is opposition between the legislative and executive, because it is likely to lead to attempts at dictatorship on the part of one or the other. Dictatorship has never thriven in America up to the present time, whether it was the dictatorship of Congress under Thaddeus Stevens or the dictatorship of the President under Woodrow Wilson. But the recent tendency to enlarge the already enormous powers of the President at the expense of those of Congress is plainly fraught with the most dangerous possibilities for democracy.

Many of the weaknesses of the American Congress are due to its constitution rather than to the incapacity of its members. Yet if all these mechanical difficulties were removed, the fundamental difficulty would still remain. Government by Congress has been neither government by the people nor government by experts. By and large, from the First to the Seventy-fourth Congress, the Federal Legislature has been only a quasi-independent agent of the business rulers of the nation—sometimes an unconscious agent, sometimes an unwilling agent, sometimes even a rebellious and restrictive agent, but none the less, on the whole, an agent.

Is the situation, then, hopeless? It will seem so only to absolutists scornful of degrees. In those words "on the whole" and "sometimes" lies the possible key to the future. Congress is not an organic unity but an assembly. Its whole is made up of parts; change the parts and you have changed the whole. Let "sometimes" become "many times" or "most times" and the course of history will be altered.

In spite of all the sins with which the face of Congress has been blackened—the list of unwise or unfair measures would consume reams of paper merely to enumerate—it still is true that some degree of liberty has been conserved in America, some degree of control over business has been attained. Under a Communist dictatorship the first would be sacrificed; under a Fascist dictatorship both would be lost. And those seem at present the only alternatives to a continuance of parliamentary government and a continuance of the desperate effort to make it democratic in fact as well as in pretense. The final defense of Congress is not that it is good but that it is the best of the poor things we have or are likely to have.

Germany's Disordered Literature

By ALLEN W. PORTERFIELD*

IN August, 1914, the German soldier marched off to the front with victory on his mind and, as a matter of record, with copies of Goethe's *Faust* and Nietzsche's *Thus Spake Zarathustra* in his kit bag. In November, 1918, if still alive, he marched back to what was once his family and his job, smothered in defeat, utterly unable to find persons who were being "drawn upward" by Faust's "eternally feminine," and thoroughly conscious of the fact that the Nietzschean "will to power" was in the hands of Marshal Foch and his allied colleagues.

When people as thoughtful as the Germans find themselves encircled by so bleak and black a material outlook, they turn to the immaterial or spiritual side of life for help. This they can most easily find in literature. From this, however, the Germans could derive but slender comfort. If they went back to their classics, they heard Goethe talking about reconciliation and atonement and the broad humanity that was to sweep over the world and its literature. In Lessing they read of racial intelligence and religious tolerance. In Schiller they heard all about the virtues of unity. But in 1918 Germany had twenty-three political parties each at the other's throat with tooth and claw.

Or suppose they read that host of gifted writers who died around the turn of the century. Only slight inspiration could be derived from them either. They had been unable to foresee the technical progress that was destined to revolutionize social habits, speed up transportation, and turn out the engines of destruction, model 1914. They had written, in other words, of happier times. When the World War broke out the Germans could not derive the needed encouragement from the past, while the present was concerned largely with the disagreeable.

The literary movement that had nearly spent itself in 1914 was naturalism. It exploited the theories of Darwin and Marx. It took the joy out of life. It depicted life itself as an unbroken chain of troubles on a third-rate planet that moves forever, but in a circle. It poetized the unpoetic. It was an importation partly from Russia and Norway, but more directly from the Frenchman Emile Zola.

In Germany the priest and prophet of naturalism was Arno Holz. He was indeed a dominating figure in the entire period under discussion until his death in 1929. He was not a high-grade genius; but he symbolizes Germany's physical condition, mental confidence and political expectations in 1914 about as well as any other out of the thousand authors who were then active.

For years the Germans published as many books as were published by France, Great Britain and the United States combined and circulated 12,000,000 copies of their newspapers every twenty-four hours. In bulk the fifty-two months of the World War

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ran true to form, with one exception. That was the drama, which decreased because of Max Reinhard's impressionistic revivals, the growing tendency to stage foreign plays, and the fact that the German regards the drama as the highest form of literature—and the writing of a play requires logical thinking, constructive reasoning, which was then impossible.

Still, a few dramas were written and played. Oskar Kokoschka's *Job* is faithful to its title. Ernst Toller's *Transformation* has War Death in a helmet meet Civilian Death in a tophat out on a field of graves where the hero in the helmet summons the soldier dead from the mud into which they had been shoveled and passes them in review. It is a fearful parade. Toller feels, without saying so, that if such concentrated horror cannot inspire men to shake off, through peaceful means, the fetters of slavery that have been forged by military command, then nothing will.

Reinhard Goering's *Naval Engagement* takes place in a single hour of the Battle of Jutland. His sailor heroes ponder the question of why they fire when told to. They obey the outer command at the same time that their inner convictions are mutinous. It is a play of Faust-like doubt and indecision.

Fritz von Unruh's *One Generation,* a most impelling creation, takes place likewise in a cemetery, where the brutalizing effects of war are reflected in the cumulative horrors that have besieged a single family. The despairing mother calls on all women to wage a war for peace against the wars of carnage. Von Unruh, the son of a Prussian general, entered the conflict with spirits high and hope undaunted. Verdun changed his mind.

During the war over 1,000,000 poems were written. At first they lauded arms and the campaigns of armies, but when Germany's battalions were slowed down and warfare became static, the poetry came to be pitched in the key of "what price glory?" In the closing months of the war it turned to themes of desperation, resignation and mysticism based on the legend of the good earth, or asked the eternal question, Why? Very few of these poems will survive.

With fiction all this is different in two respects. There was certainly no slackening in the number of novels published, and more will survive because more were written without the inspiration of war. Hauptmann's *The Heretic of Soana,* a study in the style of Renaissance paganism, describes the temptations of an Italian priest, and is an attractive story, but it might have been written anywhere at almost any time.

Gustav Frenssen, known everywhere for his great novel *Joern Uhl* (1902), and Clara Viebig, born in 1860, were the two most distinguished authors to come forth with novels actually based on the war and written during it. Frenssen's *Brothers* describes as many of the hardships of 1914-18 as could be expected and is not at all uninteresting even now, but his story is so weighed down with German thoroughness that it automatically falls into the class of heavy reading.

Clara Viebig's *The Red Flood,* with its description of the closing years of the struggle, and her absence of grief over the fall of the Hohenzollerns, is a better piece of work. It will outlast by decades those loads of shoddy novels that used the devices familiar to dated literature, down to the implied championship of promiscuity on the ground that the Kaiser must have soldiers. War has its civilian vices no less deadly than the gas and the guns.

Naturally, the real war literature first began to appear between 1918 and 1923. There was a tidal wave of it. During the war the main movement was impressionism, which means that the author gives his impression of the surface incidents about him. Post-war fiction floated the banner of expressionism. In 1919 Casimir Edschmid said: "The world is still with us; let us not repeat it. Let us give expression to what is on our mind, to the troubles of our soul." And expressionism became effective. It is direct action in art; it is the literature of ecstasy; it is German.

Literature is based on life, and life is therefore always one jump ahead of literature. In five years Germany passed through war, military defeat, social revolution and economic disaster. At the close of 1923 a dollar was worth 5,000,000,000 marks, the Communists had sixty-two seats in the Reichstag, and Hugo Stinnes, age 52, was engaged in 1,388 industrial enterprises. It was then that Walter Rathenau said: "Our first revolution was not planned; it merely stole up on us. We did not break our fetters; they simply fell off. If we are to come through we have got to have a second revolution, a revolution in sentiment." And Germany got it, with a vengeance.

Moreover, the liberal Weimar Constitution made class strife, or anti-Semitism, or a censored press inconceivable. That was something new for Germany. Let us not blame German literature therefore if it suddenly came out with all manner of daring suggestions, even if veiled at times under such names as Cyrus or Cassandra when the author really had Ludendorff or Rosa Luxemburg in mind. It takes a long while for a people to bécome accustomed to freedom.

If then German post-war fiction was insurgent, resurgent, grotesque, crotchety, feverish, there were reasons, not the least of which was the very liberality of the Weimar Constitution. We wonder now how Ernst Toller could have written *Men in the Mass* (1921). But he was depicting a situation such as no one had ever dreamed of a few years earlier, and he was already in jail when he wrote it. Over against Toller's drama we now have poems, written since 1930, that describe with the beauty born of sympathy the rhythm, even the melody, of giant machines that transform the world in which men live and even laugh.

One can find anything in this period. Take Schnitzler, whose love of peace is seen in his hatred of even a personal duel. There is his *Casanova's Homecoming* (1919). The unobserving may feel that it relates the successive escapades of this gay old blade merely in order to divert. But one morning Casanova rose with the sun, went out, stripped naked and fought a duel with his youthful rival, also naked, and defeated him. The vanquished, however, was the victor; for the senile old adventurer looked at his virile young rival and envied him his youth. For sheer beauty the work is matchless; but it solves no problem; it simply suggests. Schnitzler, however, was an Austrian; Germany proper turned out no such work.

Germany is, in truth, surrounded by nine neighbors from each of which comes literature written in her own tongue. That makes a total of ten different German literatures in Europe alone, and hence their troubled, contradictory and bulky status. There is no space even to catalogue the forces, some upbuilding, let loose during this period in Germany proper through the short stories of Hermann Sudermann, or the long novels of

Wassermann, each of which, after all, depicts a new and better man, or the epics of Gabriele Reuter with their emancipated woman, or the clean, outdoor tales of Waldemar Bonsels, or the non-conforming arguments of Max Brod, and the expressionistic work of Otto Flake, who tried to narrate events, in his trial-marriage fiction, not as they succeed each other, but as they happen, side by side.

Nevertheless, Friedrich von der Leyen, writing in 1922 of such German literature as had appeared since 1914, contended that never had the poets revealed so much destitution and distortion, immorality, sensationalism, hysteria and abuse, "with the result," he said, "that three or four slender volumes would hold all that is worth saving, and the misfortunes of Germany will be traced for all time largely back to her literature." It is really not quite that bad, and it is partly the other way about.

From 1925 on, German literature has run a zigzag course in which there has been ill-considered thought without action, or violent action with not much more than implied thought. There have been two new major movements. Just as Arno Holz stood out in 1914, so Carl Sternheim appeared in 1925 with what he called "the new objectivity." It is impressionism seasoned with more detailed knowledge of the situations from which the impressions are derived. Then about 1930 came "the new humanism." But let us take the literature and let the movements go, for they reach back, overlap, and leap forward. The Czechoslovak Werfel is, for example, to this day an expressionist, and Thomas Mann was another in his great classic of indecisive determinism, but determinism nevertheless, *The Magic Mountain*.

The "knowledge" brought in by Sternheim's campaign makes the period from 1925 to 1930 one of the darkest. It is the period of war literature in the worst sense. The Germans were late in writing up their military losses. Their war journals were not published until ten years had elapsed; *All Quiet on the Western Front* itself did not appear until 1928. In the same year Siegfried Kracauer wrote his novel *Broom*, anonymously, because it was the first case on record in which a veteran jeered with goatish derision at the entire army system. But what was not jeered at, or abused, during this era of unforgettable cynicism?

Since the ratification of the Dawes plan (1924) the Germans have created, with more haste than inspiration, the fiction of social revolt and political rebellion through the medium of extreme measures. They have championed, by way of illustration, fires in all their redness. There is a purging fire in virtually every one of Wassermann's novels. Or take Georg Kaiser, the greatest of the dramatists and author of forty plays, who is unfortunately known abroad by one of his poorer works, *Fire in the Opera House* (1919). In it Sylvette seeks death in the very flames from which she alone had been rescued, as a means of atoning for the betrayal of her husband. That does not untie the Gordian knot; it merely burns the rope.

The writers scurried along from one outburst of uplift and solution to another, supported by the blind belief that after a few more attempts they would find where the trouble lay. It was problem writing, exploratory, but always with an object in view. Now Wilhelm Sueskind has one of his women turn on all the electric lights merely, she said, in order to do some-

thing showy that was not going to achieve any set end. The satire is reassuring.

But what real achievement has there been? Germany's greatest modern poet is Stefan George, who died in 1933. Disliking the Hohenzollerns from the start, he unintentionally created through his verses of faultless rhythm and Goethean wisdom the terminology of the Third Reich. Among the novelists the most versatile is Alfred Doeblin, though one of his greatest novels is *Berlin-Alexander Place,* in which he shows that unsuspected good may lie hidden if society gives it the gong too soon.

Lion Feuchtwanger, in his novel *Success,* has given the most readable account of post-war confusion. Frank Thiess has been the truest, because the most unblushing, interpreter in fiction of the dubious youth movement. Arnold Ulitz's *She-Bear* depicts as mordantly sexed a woman as has sneaked into fiction since the days of Eve, or even Lilith. Joseph Roth has written most intelligently about Bolshevism. Robert Musil has written the longest novel—there are literally thousands of pages in it—entitled *The Man Without Characteristics.* It treats with discrimination the whole of Europe's problems down to 1933.

The crux of the matter is that those who were born near the opening of the century, too young to see service at the front, but old enough to go through the war as a hunger party at home, have since reached the age to write about it. They have not rendered their country any notable service, except to show that the plans they have proposed are unfeasible, impractical. These works have at present only such value as attaches to sociological notebooks.

Germany must still look to her older writers for guidance; the average age of fifty of them is 60; they were 40 when the war began; life begins then because theory stops then. The most helpful among them are those who have largely ignored the war. They are still writing—which is an encouraging sign.

Better still, since 1930 there has been a gratifying improvement in German style. The cranky, bumpy sentences of seven years ago, written without thought of grammar, are giving way to what shows a general return to a more dispassionate order, to what Hugo von Hofmannsthal called the "conservative revolution." The excited reformers and uplifters of the other day said right out that they had bigger and tougher problems to solve than those stressed in high school courses on composition. They were of course wrong, for badly written "literature" is a contradiction in terms. Now they are calming down and depicting life as at least a decent adventure even though the way be rough and the end unpredictable.

Moreover, there are women writers who have somehow suffered less inner disquietude than the men, and Catholic writers who follow Rome more closely than Berlin and are therefore less disturbed than their Protestant brothers, and still others who are turning out occasional works that are as wholesome as Longfellow and as spirited as the hound of heaven.

The most perplexing issue is political. Germany will never have a totalitarian State until she has a totalitarian literature, and she entered 1936 a long way from that desideratum. The German Jew is for the time being a man without a country. He has no press, no public. The National Socialist party, to which the majority of so-called Aryan writers do not belong, contends that while the Jew made up only 1 per cent of the population

he was writing 60 per cent of the literature.

The predominance of Jewish writers is admittedly significant. During the other great flowering periods, from 1050 to 1250, and from 1790 to 1805, there was not even a second-rate Jewish poet in Germany. Of exactly 100 pieces of German fiction reviewed in a New York magazine between 1914 and 1932, not quite 50 were written by Jews. To trace all this back to the fact that the Jew was not emancipated until the close of the Napoleonic era may explain the past, but not the present.

Literature is a matter of organic growth; it cannot be called into being by political fiat. How would the present régime in Germany explain what we may call the Goethe problem? Goethe is the best Germany has ever had. He himself said that man's one priceless possession was personality. His own personality was introduced, even discovered, by Rahel Levin, a Jewess. The nine greatest biographical studies of Goethe that Germany has were written by Bab, Bielschowsky, Brandes, Geiger, Gundolf (Goebbels was once his student), Ludwig, Meyer, Simmel, Strich, every one a Jew.

The present German Government cannot deny the worth of these studies. On the other hand, it publishes with unprecedented speed an actual history of National Socialist literature. Helmut Langenbucher's book (1935) lists seventy-five writers, not one of whom is known to fame, except Hans Heinz Ewers, whose drama *Horst Wessel* is derided, and Hanns Johst, who has just been awarded the State Prize for his *Schlageter* and other works. First produced on April 22, 1933, *Schlageter* is enjoying nation-wide acceptance. It dramatizes the Saar Basin episode and is confessedly a moving work. But how this author, who in 1917 published a low-minded tale called *The Beginning,* can rise to such prominence in so short a while is in itself a problem.

Thomas Mann's son Klaus said the other day: "Problems? You would imagine that was all we had. But we take very little stock in them; for we have only two: the one of life and the one of death." There is something quite German about that. Literature in Germany, more so than even that of Scandinavia, is problem literature, and hence the chaos, welter and bewilderment of the last twenty years.

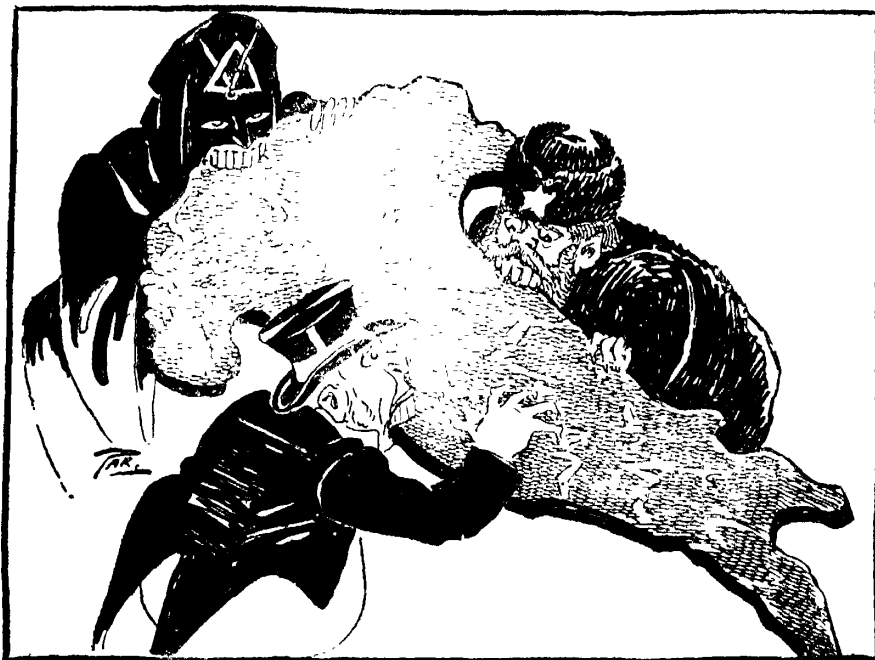
On Nov. 3, 1918, I was walking with nine American soldiers across a shot-up field at the base of the Argonne. We came on the body of a German soldier. In response to some unreasoned, animal impulse, one of our group sprang forward and, with battlefield profanity on his lips, was about to kick the unburied enemy. With the tense suddenness always called forth by such cases, another lad leaped ahead and shouted: "Leave that dead German alone!" We ten walked on in silence.

That symbolizes everything. We can take a thoughtless, abusive attitude toward both life and death, and much of German literature has done just that since 1914. But even good satire is short-lived, while the literature of abuse for abuse's sake is born dead. Nine-tenths of all such German literature written in the last twenty years is already dead. Or we can take a thoughtful, humane, defending attitude toward both life and death; and some recent German literature has done just that. It will survive; and the Germans will survive, for they show a greater tendency to live by Faust than to follow Zarathustra.

Current History in Cartoons

Rising over the horizon

Rochester Times-Union

"Hello, League of Nations? Listen, no peace without victory!"
Le Canard Enchaine, Paris

John Bull: "This boot's tougher than I thought"
Il 420, Florence

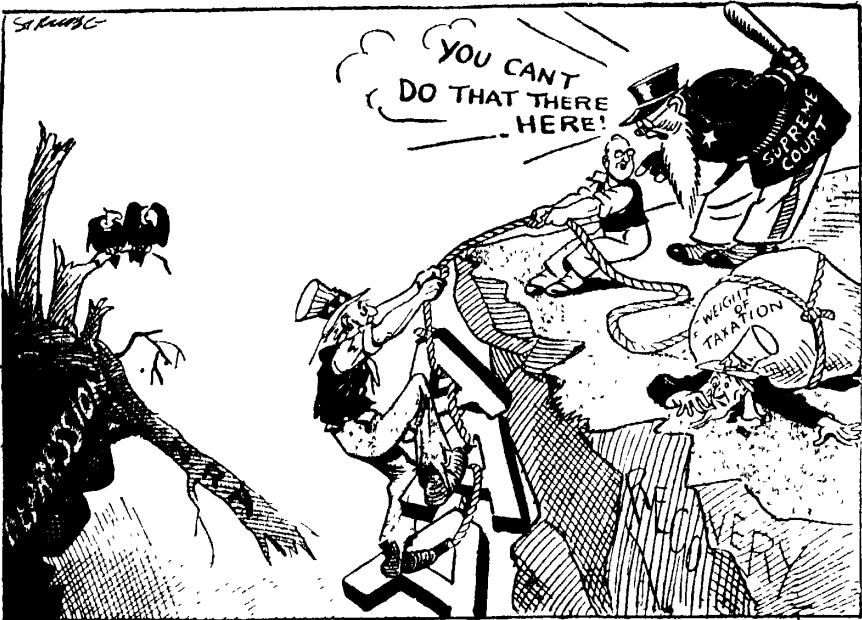
The soil erosion this Summer will be terrible

Detroit News

The trick is to make the feet go in the same direction

* *Richmond Times-Dispatch*

Suitors for the lady's hand

New Haven Evening Register

A British view of "unconstitutional procedure"
Daily Express, London

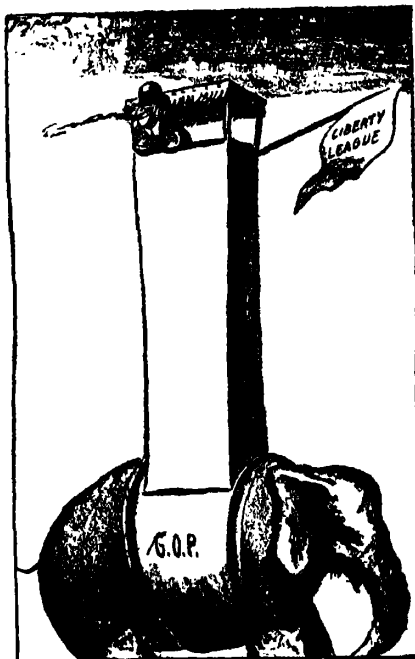
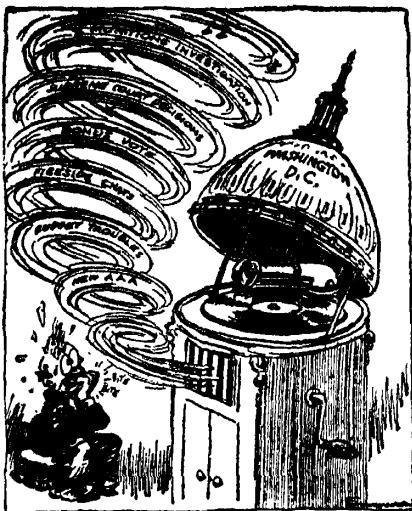
"Howdy, Brother!"
Philadelphia Inquirer

Now who's left holding the bag?
Milwaukee Journal

The music goes 'round and 'round
Chicago Daily News

Yes, he's still there
Emporia Gazette

—But plenty of noise and feathers
Philadelphia Inquirer

Mr. Smith's new vantage point
St. Louis Post-Dispatch

Who's going to bleed for his country now?
The Sun, Baltimore

Badly nicked
Christian Science Monitor

"Kamerad!"
Lincoln State Journal

—With the greatest of ease
Richmond Times-Dispatch

A Month's World History

Chronology of Current Events

(Figures indicate page numbers.)

International Events

Jan. 15—Japan withdraws from naval parley (614).

Jan. 20—League Council meets (617).

Jan. 22—Five-power agreement to support Britain against Italy announced (618).

East African War

Jan. 12—General Graziani begins drive up Ganale Dorya (623).

Jan. 20—Italian column penetrates 240 miles into Ethiopian territory from Dolo (624).

Jan. 21—Haile Selassie calls remaining able-bodied men to colors (624).

Prolonged battle begins around Makale (622).

Gojjam revolt crushed by Addis Ababa (624).

The United States

Jan. 7—Senate munitions inquiry resumes (625).

Jan. 10—Bonus bill passes House.

Jan. 13—Supreme Court orders AAA taxes returned (629).

Jan. 20—Senate passes bonus bill.

Jan. 25—Alfred E. Smith denounces New Deal (631).

Jan. 27—Bonus bill made law (628).

Canada

Jan. 13—Dominion-Provincial tax program presented (634).

Feb. 4—Wheat Board announces taking over of cooperative surplus (635).

Latin America

Jan. 2—Pan American Labor Conference opens in Santiago, Chile (640).

Jan. 10—Gomez elected President of Cuba (636).

Jan. 16—Catholic Church forbids its members to send children to Mexican schools (638).

Jan. 21—Pact frees Chaco war prisoners (637).

The British Empire

Jan. 20—George V dies (641).

Jan. 23—Rudyard Kipling buried in Westminster Abbey (642).

Jan. 24—British coal strike averted (642).

South African Parliament opens (644).

Jan. 25—Irish Free State lifts British penal duties (643).

Feb. 4—British Parliament convenes (643).

France

Jan. 16—Laval wins vote of confidence in French Chamber (645).

Jan. 17—Stavisky case closed (648).

Jan. 19—Edouard Daladier elected president of Radical Socialists (646).

Jan. 22—Laval Ministry resigns (646).

Jan. 24—Albert Sarraut forms Ministry (648).

Jan. 31—Sarraut Ministry receives vote of confidence (648).

Germany

Jan. 18—Negotiations begun between Catholics and Nazi officials (651).

Jan. 30—Reich celebrates third anniversary of Nazi rule (649).

Feb. 4—Nazi leader killed in Switzerland.

Spain

Jan. 16—Popular Front issues program (654).

Jan. 21—Ministry denounces party violence (653).

Eastern Europe

Jan. 26—Venizelos party wins Greek elections (655)

Jan. 31—Marshal Kondylis dies in Greece (656).

Northern Europe

Dec. 21—Finnish budget passed (659).

Jan. 9—Danish tax bills introduced (660).

Jan. 11—Swedish Riksdag opens (659).

Near and Middle East

Jan. 19—Palestine Arabs present objections to proposed Legislative Council to British High Commissioner.

Jan. 20—British Government replies to Egyptian demand for treaty (665).

Jan. 21—Syrian nationalists riot at Damascus and Aleppo (666).

Jan. 22—Nessim Pasha, Egyptian Premier, resigns (665).

Jan. 30—Aly Maher Pasha heads nonparty Cabinet in Egypt (665).

Far East

Jan. 20—Japanese Foreign Minister criticizes Soviet armaments.

Jan. 21—Japanese Diet dissolved.

Japanese Foreign Minister outlines program in regard to China (668).

Feb. 3—Soviet Russia protests to Japan against Manchukuoan border incidents (668).

The Naval Conference Fails

By ALLAN NEVINS

BEYOND doubt the world has grown utterly disheartened and disillusioned with regard to attempts at the quantitative limitation of armaments. Its cynical attitude was strikingly exhibited in the "I-told-you-so" reception of the collapse of the London Naval Conference in January. No one was surprised; few were even grieved.

This was partly because failure had been predicted from the beginning. It was partly because the conference still continues in a half-hearted way since Japan's abrupt withdrawal. But the principal reason is that the world no longer has any real faith in talk of disarmament. We have come a long way since the World Disarmament Conference opened its sessions in February, 1932, and it has been a depressing road.

Particularly depressing is the failure just recorded in London, for the Washington Five-Power Treaty of 1921 represented the greatest practical achievement in the field of arms limitation in modern history, and we can now see that it has led only to a dead end. As late as 1927, when fresh negotiations were undertaken, many students hoped that further progress could be made. The breakdown of the conference in that year showed that no large advance was possible in the naval field unless military disarmament were also brought under consideration. Nevertheless, the Five-Power Naval Conference in 1930 renewed our hopes again. It yielded small but distinct gains. The naval holiday with regard to capital ships was extended; the three greatest naval powers signed a new treaty fixing the quotas of cruisers and submarines.

The Japanese withdrawal became inevitable as soon as it appeared that no compromise could be found between Tokyo's demand for a "common upper limit" (in plain English, equality) and the Anglo-American position. For a short time at the beginning of January it was hoped that Japan would not force the issue of parity. But on Jan. 10 news came from Tokyo that her delegates intended to do so. It became plain that the Navy rather than the Foreign Office was in control of policy, and would listen to no pleas for delay. A decisive Cabinet meeting was held. On Jan. 13 the Japanese delegates were instructed to insist upon threshing out the issue of a "common upper limit" before taking up any other subject. The other four powers made it plain that this demand was unacceptable. As a result, on Jan. 15 the Japanese announced that they were leaving the conference.

The immediate motive was of course to vindicate Japanese national prestige. Admiral Nagano, in an explanatory press interview, said that "the allocation of an inferior ratio is so detrimental to our national prestige that it is bound to produce serious repercussions in our country, being a source of permanent and profound discontent to our people." He added that "in view of the remarkable development in warships, aircraft and other weapons of war," the 5:5:3 ratio "can no longer be deemed to

afford us security of national defense." But this last statement bears no relation to the facts. Protected by distance, Japan today is perfectly secure against attack by either Great Britain or America or even both combined. What her government is thinking of in the first instance is simply dignity—"face." In the second instance the Japanese are doubtless thinking of freedom from any possible Anglo-American pressure in dealing with China.

The naval chieftains of Japan have freed themselves from all obligations; they have vindicated their prestige. But have they done more? Have they not possibly committed an error from which wiser and more cautious leaders in their Foreign Office would have saved them? To this question the final weeks of the Naval Conference may furnish an answer.

By their withdrawal the Japanese left Great Britain and the United States to continue negotiations and consultations unhampered save by a Japanese observer. It seems inevitable that these consultations will establish a larger degree of Anglo-American understanding and collaboration in the Pacific. Both the British Admiralty and the American Navy Department have much planning to do on their new programs; they will now have an opportunity to do part of it together. The Japanese might have been wiser had they remained in London, and labored to drive a wedge between the British, who do not want large capital ships, and the Americans, who do want them.

But the all-important question is: What of the future? Is the world now in for a costly naval race, adding to armament expenditures that are already almost intolerable? The departure of the Japanese delegation does not mean that Tokyo will embark at once upon such a race. Admiral Nagano declared emphatically that nothing was further from Japan's mind, that she was determined as always "to promote the cause of world peace by assiduously cultivating the best friendly relations with other nations."

This statement would not be worth much were it not reinforced by obvious financial considerations. Japan is a very poor country. Most of her battleships, like most of Britain's and America's, are pre-Jutland types. To build up to parity she would have to push through rapidly the construction of at least seven huge vessels, that is, if Britain and America began remodeling their fleets. Japan simply cannot afford such an outlay. No doubt the admirals wish a much larger fleet, and will insist on sacrifices to attain it, but this is not a matter of the immediate future.

What does seem a matter of the immediate future, unfortunately, is an increase of tension in the Far East. Japan's motives and aims in that area, now that she reserves the right to arm without limit, will be regarded with increasing suspicion. It is inevitable that Japanese abandonment of the Naval Conference should be linked with the recent machinations in Hopei, Chahar and other parts of Northern China. Beyond question a powerful wing of the Tokyo Government, if not the whole government, desires to extend Japanese authority (under the guise of "autonomous" movements) over all China north of the Yangtse. At the same time, it intends to push for close economic control over the remainder of China. This wing is responsible for the intransigence displayed in London; it has gained victory after victory over the moderates in the Foreign Office.

It is impossible to be blind to the evidence that the aggressive militarists and navalists in Tokyo believe it possible at one and the same time to continue the penetration of hostile but helpless China, to threaten the Soviet Union and to flout the United States and Great Britain. This means increasing fear of war.

The balance of power in the Far East, as was pointed out here last month, will not be decided in the future by naval tonnage alone, but also by aircraft and naval bases. At the close of 1936 the United States and Great Britain will be free from limitations imposed on the construction of Far Eastern bases. In return for her accepting a quota in 1922 Japan was guaranteed against new fortifications in a Pacific area including the Philippines and Hongkong. It was this guarantee that really did most to place her in an impregnable position. She will now watch with keen interest to learn whether the American and British Governments strengthen their bases in this area. Nor can she be without keen interest in the development of British and American aviation in the Pacific—a development that promises to be rapid.

The minutes of the secret hearing by the League's Permanent Mandates Commission in October last, which have just been published, reveal significantly enough strong suspicions regarding the activities of Japan in her mandated Pacific islands. Reports have been circulated that these islands are being fortified for naval and air use. The Japanese representative at the October meeting, Mr. Ito, formally denied these reports. But the inquiry showed that visitors to the islands were surrounded by truly extraordinary restrictions. A German who went to one was kept a virtual prisoner in his hotel. It showed also that a map of the islands submitted by the Japanese Government failed to reveal one of the largest wireless stations in the world, known to have been recently erected. A member of the Mandates Commission remarked that as long as the region "cannot be freely visited by any impartial and independent witness," uneasiness as to the situation must continue.

The Naval Conference, continuing under the auspices of the four powers left, may still accomplish something. Efforts by the British to persuade France to consent to German participation have been futile. But Britain, America, France and Italy may agree upon certain limitations of ships and guns. The Japanese delegates, before leaving, made it clear that their nation would be glad to cooperate in such limitations. Indeed, Japan would welcome the abolition of all long-range and genuinely "offensive" armaments at sea; this would leave her supreme in the Far East at no expense.

What little can now be done in London will, however, be of no real importance. The great outstanding need is for a set of Pacific policies—if possible, a general Pacific agreement—that will preserve peace in the Far East and assure some measure of justice to China. Has the American Government given careful thought to its policy and the probable results thereof? Has Great Britain, whose commercial interests in the Far East much transcend our own? Thus far every nation but Japan seems to have followed a policy of drift. Every nation, including Japan and Russia, seems likely to give increased prominence to the element of bluff in its policy. A combination of drift and bluff means disaster.

OIL EMBARGO DELAYS

For the moment the main battle against intransigence and aggression

is not in the Far East but on the Italo-Ethiopian front. Will the League, the "collective system," act with sufficient vigor and promptness to vindicate itself against Mussolini?

During January the answer remained unhappily doubtful. Friends of the League everywhere have hoped that vigorous steps to strengthen its economic conflict against Italy would follow Anthony Eden's entry into office as British Foreign Secretary. The one obvious step to make success in that conflict certain is the imposition of an oil embargo. Twice while Sir Samuel Hoare was in the Foreign Office this embargo was postponed. When the League Council met again in Geneva on Jan. 20 Great Britain refused to take a strong lead, and it was deferred once more. In fact, the British Government showed marked relief when the question was handed over to a committee of experts for a report.

Why the delay? The Council finished its work on Jan. 24. It gave much attention to routine matters—Danzig, and the opéra-bouffe dispute between Russia and Uruguay. It tacitly dropped "Proposal 4a" for embargoes on shipments of coal, cotton, rubber, iron and steel to Italy. It asked Senhor de Vasconcellos to name a panel of experts on oil, to report in due course on the conditions of the problem. This report was to go to the Committee of Eighteen. After that the League might ponder and debate the issue still longer.

One of the excuses alleged for delay is that Italy has laid in stocks for a long period in advance, so that action would be useless. But this is more than doubtful. The Italian press and government show profound alarm whenever oil sanctions are threatened, which indicates that the reserves are inadequate. In any event, no statistics being available, the test must be pragmatic. Another excuse offered in some quarters is that the existing sanctions are sufficient, along with the Ethiopian Army, to defeat Italian aggression, and that an oil embargo would therefore be superfluous. This also is highly doubtful. The existing sanctions are necessarily slow in operation. The Ethiopian defense has at last been badly shaken on the south. With the outlook uncertain it is assuredly the League's duty to give Ethiopia, and not Mussolini, the benefit of the doubt.

As the flimsiest excuse of all, it has been said that the United States is revising her neutrality laws, and that Europe must wait to see what course she takes. But it is now fairly certain that the avowed policy of our government to hold oil exports down to Italy's "normal" consumption will not be shaken. The effort to transfer responsibility to the United States thus fails completely.

American exports of petroleum to Italy have actually not been of great importance. Figures upon the Italian sources of supply were published in the London *Economist* of Jan. 11. They show that in 1934 Italy imported roughly 35 per cent of her oil from Rumania; 22 per cent from Soviet Russia; 12 per cent from Persia; 13.5 per cent from Central America; and only 10.3 per cent from the United States. During the first half of 1935 (no later figures are available) she imported 41 per cent from Rumania; 15 per cent from Soviet Russia; 15 per cent from Persia; 15 per cent from Central America; and only 6.2 per cent from the United States. Going back to 1933, we find that the United States supplied only 8 per cent. It is perfectly clear that the "normal" American supply would avail Italy little.

If all the League nations agreed to

an embargo, the Italians might obtain 12 or 15 per cent of their usual imports from non-League sources; steps to impound tankers might cut the total below even these figures. That amount would not keep going both the war machine in Ethiopia and the industrial machine in Italy. Within a comparatively short time one or the other would grind to a standstill. Mussolini would have to yield.

Mr. Eden and other leaders at Geneva may possibly be planning to impose an oil embargo just before the Spring rains begin. The conjunction of the two would perhaps bring Italy to a mood in which she would accept reasonable terms. In the few weeks meanwhile left her she might somewhat increase her conquests in East Africa. From the European point of view, this would not be undesirable. White prestige must be maintained; Ethiopia must also be brought to a mood in which she will yield something. But the game seems risky.

The plain facts are that Italy has defied the League—has defied world sentiment. Mussolini's armies stand on Ethiopian soil. He is proclaiming that he will keep them there all Summer and resume operations in the Fall. The League has at hand the means, in all probability, of stopping his trucks, his tanks, his airplanes, and completely crippling his armies. Is this a time for the League Council to sit back and wait on wrangling technical advisers? Is it a time for Great Britain, which has thus far taken the lead, to insist that others assume the initiative?

Certainly Great Britain can no longer say that she is acting without proper support. On Dec. 19 Sir Samuel Hoare complained that "not a ship, not a machine, not a man" had been moved by any other nation. But on Jan. 14 the Second Squadron of the French Navy, previously based at Brest, moved southward for manoeuvres near the Western Mediterranean. Until Feb. 17 it was to be near Casablanca, which is not far from Gibraltar. Its three battleships, seven heavy cruisers, forty-odd destroyers and thirty submarines would, if need arose, constitute an impressive addition to the British fleet.

And on Jan. 22 Mr. Eden was able to announce at Geneva a hard-and-fast agreement of five Powers (France, Spain, Yugoslavia, Greece, Turkey) to assist Great Britain if attacked by Italy. This drew a resentful reply from Mussolini. On Jan. 25 he published a memorandum denying the legality of the British step under the League Covenant, and declaring that Italian action is of a colonial character only, "and is not designed to represent, and never will represent, a threat to European peace."

A NEW DEAL IN COLONIES

The present is not a good time for the discussion of territorial readjustments in Africa or elsewhere. But it is an excellent time for the great imperial powers to give assurances to the land-hungry nations that such discussions may take place as soon as military action or the threat of it ends. For this reason Prime Minister Baldwin's rejection in the House of Commons on Feb. 5 of a proposal to consider the subject seemed unnecessarily curt and sweeping.

A motion was offered by George Lansbury for a British effort, through the League, to summon an international conference to deal with the economic factors making for war, "such as the necessity for access to raw materials and to markets and for the migration of peoples." Lansbury explained that he did not call

for territorial cessions. What he desired was "a unified world, with an authority to determine how raw materials shall be organized for the equal benefit of all." Doubtless in offering the motion he had both Italy and Germany in mind. Herr Hitler, in an interview published on Jan. 25 in *Paris-Soir,* had spoken of Germany's urgent need for colonies. The moral stigma of deprivation of colonies must be removed, he said; room must be provided Germany for overseas expansion.

Lansbury's motion was brusquely combated for the Baldwin government by Lord Cranborne, Under-Secretary for Foreign Affairs. Describing the numerous obstacles to a conference, he told the House that the British Empire would not be diminished for the appeasement of other powers. The motion was defeated 228 to 127.

One encouraging fact was Lloyd George's eloquent support for the proposal. He confessed, as a framer of the Versailles Treaty, that he did not believe there could be permanent world peace without a reconsideration of the mandates. Another encouraging fact was the large vote polled for the motion. A third was the statement made by Lord Cranborne after enumerating all his objections. "The government is not shirking this issue," he concluded, "and I may say that a preliminary examination of the problem has already begun. We cannot fix a date until circumstances favor further negotiations." The door has been left ajar, and powerful groups in Great Britain will try to push it wider open.

BRITISH MUNITIONS INQUIRY

The recent hearings before the British Royal Commission on Private Manufacture of Armaments have turned up some significant data. On Jan. 8 officials of the chief British munitions firm, Vickers-Armstrong, gave testimony. This firm represents a combination of the two pre-war giants, Armstrong-Whitworth and Vickers, with their subsidiaries. The heads revealed that their business in 1935 aggregated about $33,000,000 (£6,665,000), of which 84 per cent was in armaments, the remainder being chiefly in shipbuilding. About half the armaments business was British, the other half foreign. In the five years 1930-34 the average annual business in armaments was about $32,000,000 (£6,422,000), and the average annual profits about $3,300,000 (£556,000) after the deduction of all costs. The firm employs some 30,000 people, and spends $1,000,000 a year on research.

The Vickers-Armstrong officials stated that they kept agents abroad to inform them of the armaments requirements of various nations; that the duty of these agents was to "promote" as well as obtain orders, and that they were paid by commissions and bonuses. No general solicitation of business from foreign governments, however, was practiced. Nor was advertising in foreign journals generally employed; it was used chiefly to establish the status of representatives abroad. Sir Herbert Lawrence, the chairman, denied that Vickers-Armstrong participated in any "ring" of international munitions makers; he knew of no such ring.

A different type of official came before the commission on Feb. 6. Captain John Ball, director of the Soley Armaments Company, Ltd., confessed to "palm-greasing" in the sale of arms to certain nations. "It is a matter of latitude and longitude," he said. He also deplored the British embargo on arms shipments to China, Ethiopia, and the Gran Chaco, saying that they had cost the British taxpayer nearly £2,000,000.

Italy's Fight Against Sanctions

By WILLIAM E. LINGELBACH

THE Italian people during January settled down to the grueling fight against sanctions, and the apparent necessity for a prolonged Ethiopian war. While the troops in East Africa were digging in, consolidating their gains and asphalting the roads to make them impervious to the approaching rainy season, the people at home were tightening their belts and responding with a fine show of patriotism to the "propaganda of resistance." There is a point, however, when this process becomes not only serious but dangerous.

The standard of living in Italy has never been high and response to the extraordinary demands upon the people can be made only at tremendous sacrifice. The application of sanctions has so far been felt particularly at the seaports and in the industrial north, where more than a quarter of the wealth of the nation is concentrated. Industries not engaged in the manufacture of war supplies are faced with exhaustion of raw materials and must either close down or turn to other lines. Nearly all the cotton, wool and silk mills have begun work on rayon, the daily output of which has practically doubled, and since rayon from cellulose is cheaper than wool or cotton, art silk may soon become the principal product of the struggling textile industries.

Imports were cut heavily during January. Fifty-two nations continued to apply the embargo on war materials, refuse credit, boycott Italian goods and prohibit the export of key products to Italy. British trade statistics, released on Jan. 14, show heavy declines during 1935 in the exports to Italy of coal, iron, steel, rubber and chemicals, though the total for the year exceeded that of 1934 by over $125,000,000. Trade on the French frontier has practically disappeared, no freight being hauled either way. Italian exports as a whole have fallen off 50 per cent.

The decline in the tourist trade is equally serious and has resulted in the loss of large amounts of money and credit. Centers like Florence, Rome and Venice are almost entirely without foreigners. Hotels, restaurants and pensions are deserted and thousands of employes have been discharged to join the jobless white-collar class. Added to the absence of tourists is the curtailment of buying by the Italians themselves in response to the economy propaganda. Many retail businesses are in distress, and the financial security of the lower middle class is seriously threatened.

The government in January did everything in its power not only to keep open the channels of trade with the States that have thus far refused to participate in sanctions but also to utilize substitute materials. Aluminum was developed as a substitute for certain metals, and synthetic gasoline and alcohol for oils. But to find substitutes for the major imports, like coal, iron, potash, cotton, rubber, phosphates and mineral oils, has been impossible. Italy cannot isolate herself economically from the rest of the

world. Hence the desperate efforts to break through the cordon of trade restrictions imposed by the sanctions.

Commerce with Austria, Hungary, Yugoslavia and Albania has mounted steadily during the past two months. Special arrangements have been made with Austria to provide for the payment of large quantities of supplies on the basis of the 65,000,000-schilling credits frozen in Italy. Late in January rumors were current of an enormous oil deal with Rumania, sufficient to meet Italy's needs to the beginning of 1937. Following upon the earlier heavy deliveries of oil from that country, this news caused concern at Geneva, as did the report of an agreement for large quantities of oil to Italy through the American-owned Nitag Refinery at Hamburg in return for Italian real estate holdings in Paris.

Payment through frozen credits is resorted to wherever possible because of the limited gold reserves. On the other hand, the agreement with Rumania involved immediate payment in gold, an indication of the importance Mussolini attaches to the nation's oil supply. The League Committee on Sanctions is studying ways and means to coerce so-called deserter States and to close the "hole in the north" against the flow of goods to and from Italy.

During January the lira reappeared on the London Exchange at 65⅝ to the pound, about four points below the previous quotation. All lire listed must be controlled as to their origin, and heavy fines are imposed for illicit trading in foreign currency.

The effect of the war and the economic boycott upon social life has caused considerable grumbling. The change in the hours of the working day, substituting a brief half-hour luncheon interval for the customary two-hour period and ending the day at 4:30 P. M., has made revolutionary and most unwelcome inroads on the habits of the people. Women in particular are reported hostile to the new arrangements. The difficulty of securing coal for heating is also causing discontent and criticism. All evidence of luxury is gone; clothing has become simpler; private automobiles are few in number because of the high cost of gasoline. Night life in hotels, cafés and restaurants, except those frequented by the military, has virtually disappeared.

Early in January a royal decree provided for the creation of an Under-Secretaryship for Foreign Trade and Currency under Mussolini's direct supervision. Both the National Institute for Foreign Trade and the National Institute for Foreign Exchange were placed under the control of the new Secretary, Professor Felice Guarneri, the well-known economist and financial expert. According to Signor Stefani, a former Minister of Finance, this step definitely recognizes the political character of economic relations with the outside world, and "established the principle of the competence of the State to make decisions in vast sectors of Italy's economic and financial relations."

The meeting of the Supreme Council of Defense with the Fascist Grand Council on Feb. 4 indicated the seriousness of Italy's present position. Mussolini's personal journal, *Il Popolo d'Italia,* asserted editorially that Italy was ready for any emergency and that those who thought "a war of the many against Italy would be easy" deceived themselves. It issued a solemn warning that "sanctions ultimately bring blockade and blockade means war." Hostility toward Great Britain continued, simultaneously with renewed efforts to secure and hold the

friendship of France, the Fascist press reiterating that Italy had stood steadfast by the Italo-French agreement entered into just a year ago. The rights of Italy in Africa that the accord recognized constitute, so to speak, a guarantee of Italy's claims in East Africa without which her cooperation with the new order in Europe becomes impossible.

In anticipation of the annual meeting of the Assembly of Corporations on Feb. 29, many of the nation's twenty-two corporations met during January to take stock of conditions in their particular industries, to draft recommendations for the government and to consider the most effective means of meeting war conditions. The corporations represent virtually the whole economic life of the nation. The Corporation of the Theatre and Cinema met on Jan. 4. It has developed a national plan for special theatrical performances for Italian workers at a very low price to be given on Saturdays under the direction of Dopolavoro, the official Fascist recreational organization.

On Jan. 8 reports of a soldiers' mutiny in the Tyrol, notably at Merano in connection with the withdrawal of the Fifth Italian Alpine Regiment for service in Ethiopia, came from Switzerland and Munich. The rumors were later denied in a communiqué from Rome, which protested against the circulation by Reuter's News Agency of what it termed false reports. On the other hand, Belgrade reported the arrival of more deserters in Yugoslavia and preparations for a concentration camp near Tuzla in Bosnia, the fourth such camp for Italian fugitives from army service in East Africa.

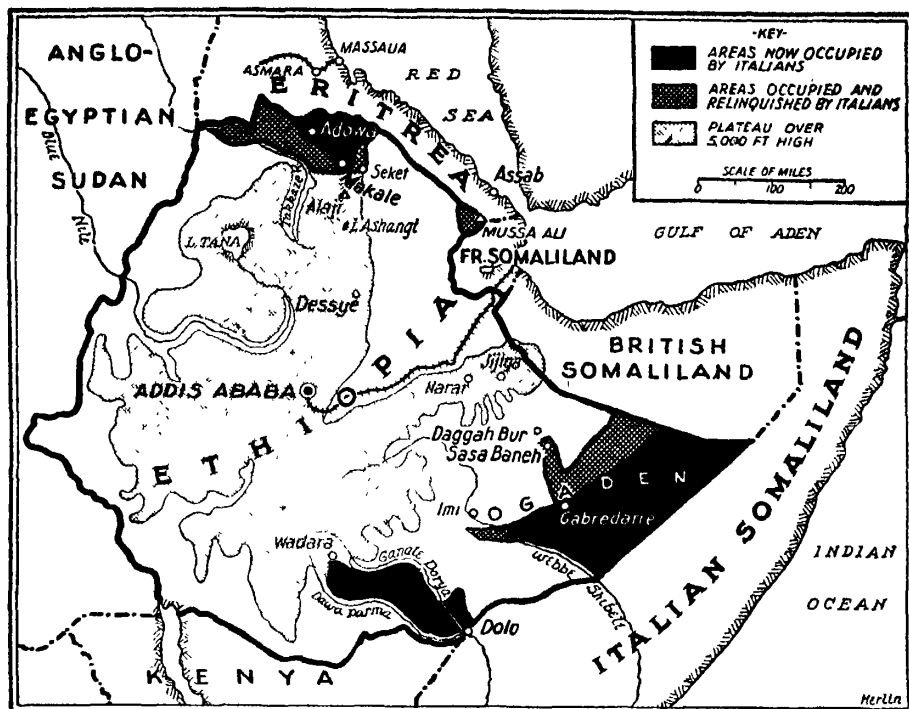
Whatever the attitude of the Tyrolese, Italians as a whole are loyal and patriotic. *"Viva Il Duce"* is still by far the most popular slogan, and the one most frequently displayed by the posters of which every city has thousands.

At the Vatican there is not a little worry in connection with the transfer of payments like Peter's Pence from abroad to the papal treasury. The Vatican, though an independent sovereign State, does not have a bank, and payments have heretofore been made through the Banca Commerciale in Rome. Sanctions are now interfering with this customary channel of transmission.

The Fighting in Ethiopia

By ROBERT L. BAKER

AFTER more than three months of warfare with almost no fighting, the Italian and Ethiopian forces in East Africa really began to come to grips late in January. A battle was fought around Makale, the spearpoint of the Italian lines in the north, between Jan. 21 and Jan. 30, but the result was not known to the outside world even as late as Feb. 7. This was no fault of the foreign correspondents. They are subject to strict censorship by both sides and are kept far behind the front when any important action is taking place. As they are not permitted to report the fighting at first hand they can send out only such news of it as the rival headquarters choose to give them.

Rome and Addis Ababa agreed only

The status of the Italian invasion of Ethiopia on Feb. 7

in calling the Makale battle the greatest of the war. Each side claimed to have won and offered unbelievable figures as to the disparity between its own and the enemy's losses. Italian headquarters stated that Ethiopian losses amounted to 8,000, including 4,000 prisoners, while its own casualties numbered only 743. The Ethiopian report declared that 8,000 Italians had been killed and wounded, against Ethiopian losses of only 1,200. One conclusion can certainly be drawn, namely, that the battle was without decisive result. The Italian lines remain about where they were before the battle began.

Great things, at least according to the Italian view, have been happening on the Somaliland front. The original Italian plan of campaign called for a drive on Harar, but General Rodolfo Graziani, the Italian commander in Somaliland, has not had sufficient forces for the purpose, and his left flank was threatened by an army near Dolo under Ras Desta Demtu. The cessation of rains in the southwest and the urgent need of an immediate victory to counteract the effect on Italian morale of the strategic retirement in the north during December brought about a change in plans. It was decided to dispose of Ras Desta Demtu and overrun the Province of Boran. The execution of the new plan did not prove difficult. The country north of Dolo was comparatively flat, affording excellent opportunities to Graziani's mechanized columns, while the defenders had little natural protection. The Italians also had the advantage of surprise, for the Ethiopians had not expected a major thrust from Dolo.

Graziani struck on Jan. 12, and his

column of tanks, armored cars and trucks, cutting itself off from its base, pressed up the Ganale Dorya at such speed that Ras Desta Demtu's retreat became a rout. Within eight days Graziani had taken the Ethiopian headquarters at Noghelli, about 240 miles north of Dolo, and on Jan. 26 his "Hell on Wheels" column captured Wardara, some twenty-eight miles further on and only 175 miles from Addis Ababa. The Ethiopian capital became almost hysterical, expecting to see Italian bombers and tanks at any moment. Haile Selassie ordered all remaining able-bodied men in Ethiopia, estimated at 300,000, to the colors and sent new forces and commanders to oppose Graziani.

The Italian drive, however, came to a halt. Its attenuated line of communications was being constantly attacked by small bands of tribesmen who had been passed by, while ahead loomed the escarpment which the Ethiopians protested was really the line they intended to defend. And in the mountains Graziani's tanks and armored cars would be almost useless. Meanwhile, other Italian columns drove up the Dawa Parma and Webbe Gestro valleys from Dolo, meeting with little opposition. While awaiting the reinforcements that would be needed to undertake a campaign against Harar, Graziani set himself to the task of consolidating his military and political control over the 10,000-odd square miles of territory he had won.

This much can be said of what the Italian press called "the greatest victory of the war." It demonstrated the efficiency of mechanized forces when the terrain is favorable, especially if they are aided by aircraft, in disposing of an ill-armed enemy. Whatever may be the political value of the conquest of Southwest Ethiopia, its military significance can easily be exaggerated. It was in no way decisive. Even though Ras Desta Demtu's army was surprised and fled in disorder, it was not a strong force, and the Ethiopian general staff never intended to try to hold the river lands against a determined attack. The Italians have now added several hundred miles of exposed communication lines to their already difficult supply problem. They will scarcely be left in peace, as strong Ethiopian columns are reported to be converging on the thinly-held valleys. The conquest may even be a great liability when the Summer rains and the tropical heat and fevers arrive to torment European troops.

Premier Mussolini intimated to his Cabinet on Jan. 30 that he expected the war to last into another Winter. He declared that 50,000 civilian workers would soon be sent to East Africa to improve roads so that they could remain in use during the Summer and to prepare for a resumption of military operations next October.

One of the surprising developments of the war thus far has been the loyalty of the principal Ethiopian Rases to Haile Selassie. Many are Kings in their own right and in the past have maintained virtual independence of the central government when, indeed, there was such a thing. There have been a number of defections among the minor chiefs but none of a dangerous character. More serious was the revolt on Jan. 3 in Gojjam Province, south of Lake Tana, but trouble had been brewing there for several years, encouraged, it is said in Addis Ababa, by the former Italian Consul at Debra Markos. On Jan. 21 the Ethiopian Government announced that the revolt had been crushed.

On Keeping Out of War

By CHARLES A. BEARD

AMERICAN concern over keeping out of the next war has been revealed by the growing interest in neutrality legislation and by the munitions investigation. A year ago the Navy Department, the State Department and the President of the United States were openly hostile to mandatory restrictions on the historic rights of American citizens to trade with belligerents. The Neutrality Act of last August, expiring on Feb. 29, 1936, was accepted as a necessity. But the new Neutrality Bill, sponsored by the administration and introduced in Congress in January, showed that the opposition forces had moved far over in the direction of the mandatory principle.

Although the administration bill went far in meeting the demands of the absolutists, it was subjected to a running fire in the press, on the platform and in Congressional committee rooms. One attack was concentrated especially on Section 3. Under this the President would be given the power to restrict the export of certain articles or materials used in the manufacture of munitions or in the conduct of war. The President would be authorized also to embargo exports to neutrals "in excess of a normal amount." In other words, while certain exports and practices likely to involve the country in a foreign war were to be positively prohibited, his discretionary power to interfere in trade with belligerents and neutrals was to be immensely increased. Against this back-door provision for allowing the President and State Department to throw the weight of the country on the one side or the other in foreign quarrels, the absolutists in Congress marshaled all their forces.

As the days passed, powerful pressures against mandatory neutrality developed in Washington, reproducing some of the configurations evident in 1915. Advocates of American intervention in European affairs "in the name of civilization" insisted that the discretionary authority of the President be enlarged. In the main they represented the League of Nations movement. Defeated on the League itself and on the World Court, hostile to neutrality legislation in principle, they sought to insert their conception of interventionary policy into the interstices of the bill.

At the other extreme, Senator Hiram Johnson, supported by the Hearst press and John Bassett Moore, demanded a declaration of "American rights" to sell goods and make profits out of war and trade in the historic manner. And the economic interests ready to take advantage of such opportunities, as in 1914, likewise had their powerful spokesmen on the scene. In the conflict of these forces the prospect for an extended and tightened neutrality law diminished, and the bare alternative of extending the act of 1935 received increasing consideration, especially as the report of the Nye Munitions Committee was not yet ready.

Although the Nye investigation brought forth no startling revelations in the early days of the hearings.

which were renewed on Jan. 7, 1936, the story changed radically as the inquiry ran on into February. Documents presented at the opening of the new sessions of the Nye committee were supplemented by other papers and testimony, and when the scattered parts were pieced together the total result was more than startling, at least to those American citizens who thought they knew some history.

Here was a picture of economic and political transactions minute in detail and conclusive in general framework. In respect of large and fateful public policies there seems to be nothing comparable to it, except the revelations of pre-war diplomacy which were made when the secret archives of Petrograd, Berlin and Vienna were exposed to the astounded public after the close of the World War. The sequence of events, economic and political, unfolded by the Nye inquiry, may be swiftly summarized.

THE NYE REVELATIONS

Shortly after President Wilson's proclamation of neutrality in 1914, J. P. Morgan & Co. of New York inquired of the State Department whether there would be any objection to making loans to the French Government and the Rothschilds. On Aug. 10, 1914, Secretary Bryan expressed to President Wilson the view that powerful financial interests would be connected with these loans, and that the pecuniary interests thus involved would make the maintenance of neutrality all the more difficult. On Aug. 15, 1914, Secretary Bryan informed J. P. Morgan & Co. that, "in the judgment of this government, loans by American bankers to any foreign nation which is at war are inconsistent with the true spirit of neutrality." In this ruling J. P. Morgan & Co. immediately acquiesced. Thus was established the principle that "loans" to belligerents were inconsistent with neutrality.

But the National City Bank of New York, to which the proposition for a French loan had originally been made, was not satisfied. On Oct. 23, 1914, a vice president of that bank (apparently Samuel McRoberts) had a conference with Robert Lansing, the counselor of the State Department, and by letter of that date urged that permission be granted for "temporary credits" to belligerents in the interests of American foreign trade and as "necessary to the general good." At 8:30 P. M. on Oct. 23, 1914, Mr. Lansing had a conversation with President Wilson in which he gathered "the impression" that there was a distinction between "bank credits" and "a public loan floated in this country."

The next evening, Oct. 24, Mr. Lansing communicated the substance of his conversation with President Wilson to Willard Straight, a representative of J. P. Morgan & Co., and on Oct. 26 to R. L. Farnham of the National City Bank. Mr. Lansing's memorandum on this series of events said that President Wilson authorized him to give these "impressions" to persons "entitled to hear them" as his (Mr. Lansing's) and not on the authority of the President. Thus Mr. Lansing went behind his chief, Secretary Bryan, to the President and then to representatives of banks. Thus the way was opened for "credits" to belligerents, which grew to such amounts that "funding" and "loans" were deemed necessary to save the American economy from a crash in 1915.

With the bar on "credits" let down in this manner, the purchase of American manufactures and farm produce could proceed rapidly with the aid of

short-term paper. On Jan. 15, 1915, J. P. Morgan & Co. was made purchasing agent for the British Government, and in the course of the war made, on behalf of the allied belligerents, at least 888 contracts with leading steel, manufacturing and munitions concerns. From Feb. 19, 1915, to the middle of August, 1915, J. P. Morgan & Co. supported the exchange for the British Government. On June 3, 1915, however, the company cabled to its London house that "all partners here really very apprehensive regarding exchange conditions."

As the Summer days passed this apprehension increased. The British pound eased off. American "credits," supplemented by other resources, were apparently not enough to sustain the British pound at the existing rate of buying in the United States. A crash perilous to the now swollen economic structure in the United States seemed imminent. H. P. Davison of J. P. Morgan & Co. informed Secretary McAdoo of the Treasury Department that the exchange situation was "serious from the point of view of our commerce."

During August, 1915, bankers brought it vigorously to the attention of Colonel House, Secretary McAdoo and Secretary Lansing that a crisis in the British pound meant a crisis in American affairs. The conclusion, expressed or implied, was that loans were necessary to sustain and promote the extensive American commerce thus in danger. Secretary Lansing on Aug. 25, 1915, wrote to President Wilson, enclosing a banker's letter, and saying that "the question of exchange and the large debts which result from purchases by belligerent governments require some method of funding these debts in this country."

The next day, Aug, 26, 1915, President Wilson acquiesced in loans in a manner positive, if somewhat cryptic: "that we should say that 'parties would take no action either for or against such a transaction,' but that this should be conveyed orally, so far as we are concerned, and not put in writing." Thus the flood gates were opened for commitments to the amount of billions which merged the fate of "American prosperity" in the fate of the embattled belligerents in Europe. When the Allies were at the end of their rope, the credit and armed might of the United States were thrown on their side.

In support of the proposition that the German submarine warfare was not the "principal" or "primary" factor that carried the United States into war, the Nye committee introduced the files of the Senate Foreign Relations Committee giving a colloquy between Senator McCumber and President Wilson after the close of the war:

SENATOR MCCUMBER — Do you think that if Germany had committed no act of war or no act of injustice against our citizens that we would have gotten into the war?

PRESIDENT WILSON—I think so.

SENATOR MCCUMBER—You think that we would have gotten in anyway?

PRESIDENT WILSON—I do.

On the side, the Nye committee raised the old question: Did President Wilson know about the secret treaties by which certain Allies had apportioned the spoils of war in advance of victory? The evidence submitted by the Nye committee, supplemented by other evidence, showed that these treaties were brought to his attention before he sailed for Paris and indicated that he knew something about them. As several of the treaties had been published in January, 1918, in the United States and were known to all persons informed about European affairs, Presi-

dent Wilson and the State Department either knew about the treaties or were incredibly negligent in the conduct of American affairs.

At a tense moment in the munitions inquiry, on Jan. 15, Senator Nye stated that on the record made and to be made "both the President and Secretary Lansing had falsified concerning this matter" of the secret treaties. This declaration by the chairman of the committee was the signal for a violent outburst of criticism directed against Senator Nye by friends of the late President Wilson and Secretary Lansing—in the committee, on the floor of the Senate and in the press.

Senator Carter Glass took the lead. Speaking to the Senate, he said that if the rules of that body permitted he would say that any man who asperses "the integrity and veracity" of Woodrow Wilson is "a coward" and that the charge is "not only malicious but positively mendacious." The Senator was so moved in his denunciation of Senator Nye that he beat his desk until his knuckles bled.

As usually happens, this malediction pronounced on Senator Nye, coupled with disparagement from other quarters equally bitter, was spread in full upon the pages of newspapers, while the even-tempered statement by Senator Nye, containing his supporting materials, received slight consideration. For a few days it looked as if the Senate might refuse to approve new funds to permit the munitions committee to finish its work. The opposition to the committee was powerful, but it did not prevail. The funds were voted, and hearings were renewed on Feb. 4.

NATIONAL ISSUES

In the realities of the domestic situation, as distinguished from the multitude of words spoken and written about it, there were no striking changes as Spring approached. The indices of business showed strength, but no strong upward surge. The prices of stocks and junior liens continued in general their upward trend, but this could be attributed mainly to anticipations, to rumors of government inflation and to the existence of huge idle bank funds seeking some outlet, if only a speculative egress. No railroad in bankruptcy was lifted into reorganization.

While profits in many lines made a good showing, employment did not keep pace with this sign of rising prosperity. At a conference of Senators held in Washington on Jan. 30, Harry L. Hopkins, WPA Administrator, presented estimates showing that "dole and work relief burdens are nearly as bulky now as a year ago, when an all-time relief population peak of 20,000,000 was reached."

Meanwhile the financial burdens of the Federal Government were increased, notwithstanding the rise in ordinary revenues. On Jan. 27 Congress completed the process of passing a bill for the payment of the veterans' bonus over President Roosevelt's veto, despite previous warnings from the Treasury. From the standpoint of "sound finance" there was only one consolation in the procedure. Efforts to pay the bonus in new paper money were defeated. The plan adopted provided for payment in interest-bearing "baby bonds," which may be cashed on the date fixed or held until maturity. This, however, sadly disarranged budget calculations, for the amount of cash required immediately or at later dates could not be estimated with any degree of precision.

All worry attached to the problem Congress passed on to the Treasury. When President Roosevelt stated at

his press conference on Jan. 31 that a revenue bill would have to be enacted at this session, leaders in Congress sought to speed up an appropriation for bonus purposes and paper-money inflationists gathered their forces for a new drive for payment in greenbacks.

From other quarters distresses were added to the troubles of the Treasury. On Jan. 13 the Supreme Court, by a unanimous decision, ordered that $200,000,000 of impounded AAA taxes be returned to the processors, and thus cast doubt upon the fate of about $1,000,000,000 in other farm taxes already levied upon processors. Could this huge sum be recovered by suits at law? Taking the ground that these taxes had been passed on to consumers and in fact levied upon them, Secretary Wallace, according to reports, characterized a return of this money to processors as a "legalized steal." This money, he said in substance, has been taken away from consumers, and now it is to be added to the profits of processors. In the meantime administration leaders searched the law books for ways and means of recovering funds returned to processors and keeping AAA revenues already collected and paid out to farmers.

Assailed by inflationists and by advocates of "economy," President Roosevelt gave indications early in February that he was paying serious attention to administrative and financial aspects of the New Deal. He called on Congress to repeal three laws providing for compulsory control over cotton, tobacco and potato growing, and Congress complied with his request. Thus three measures likely to be declared unconstitutional by the Supreme Court were removed from the statute books. The President also held conferences with legislative leaders, from which came reports that provisions for new revenues would probably be made.

On Feb. 4 it was announced that he had ordered a check-up on Federal lending agencies with a view to canceling at least $1,000,000,000 in authorizations. Other signs seemed to show that at last President Roosevelt was preparing to throw overboard useless ballast, take in sail and trim for the "good old port of economy." This would counter some of the attacks on "loose and wasteful administration," and enable him to make his coming campaign on issues of social and economic policy. This was in line with the advice of his "prudent" counselors, especially after the enactment of the Bonus Law and the invalidation of the processing taxes.

However disquieting the financial aspects of agricultural relief, neither the administration leaders nor their most outspoken critics considered for a moment abandoning the farm program. The Supreme Court had declared one method unconstitutional and apparently closed the door on all Federal regulation of agricultural production—a branch of economy entirely within State jurisdiction. Taking the opinion of Justice Roberts at face value, Senator Norris declared that no farm act which controlled production would be held valid. Nevertheless, the administration managers worked through January and into February on a substitute bill, or rather two bills—one a stopgap and the other more permanent in nature.

In their quest for a constitutional warrant they found an alleged prop in the power of the Federal Government to promote the conservation of the soil. Under the project most generally favored, the Federal Government would enter into contracts with farmers to prevent soil erosion until

January, 1938. After that date it would function through State authorities, in a manner analogous to the administration of Federal grants-in-aid for agricultural education. On Jan. 16 President Roosevelt announced the new principle of procedure through soil conservation and stated that the Soil Conservation Act of 1935 would be used as the basis of the substitute program.

While Senator Norris expressed doubts about the legality of the whole business, ex-President Hoover took a different view of the matter. In an address at Lincoln, Neb., on Jan. 16, he declared that the farm problem was still unsolved and offered a plan of his own. Thin and submarginal land was to be retired from cultivation and the use of land in cultivation was to be promoted by Federal subsidies. Farmers were to be encouraged to produce new crops for which markets could be found or new crops "which would improve the fertility of the soil"—that is, curtail old crops, Thus we could hope for "a balanced agriculture."

To induce farmers to raise new crops or plant crops for the purpose of increasing fertility, Mr. Hoover proposed subsidies derived from taxation. The administration of this scheme, he declared, should be vested in the land-grant colleges of the States, and the growth of a Federal bureaucracy prevented. But he would have no regimentation; farmers were to be free to make contracts for subsidies or not. As farmers had been free to contract or not under the original AAA, administration leaders in Washington welcomed Mr. Hoover's support on the constitutional issue and proceeded with the drafting of their project on lines not essentially dissimilar.

As discussion of the "farm problem" proceeded in administration circles and outside, the status of industrial workers in "the American system" was fiercely debated at two official labor conferences. When the executive council of the American Federation of Labor met at Miami, Fla., on Jan. 14, it had on the carpet three pressing issues. The first was a proposition to amend the Constitution of the United States in a manner to permit Federal regulation of hours, wages and conditions in industry. For the moment this question was sidestepped by being referred to a committee for study.

The second was the problem of unemployment, and the council adopted a resolution calling upon Congress to make a thoroughgoing inquiry into the technological displacement of labor. Still more exigent was the challenge of industrial unionism—the organization of masses of workers along industrial, as distinguished from craft, lines. On this sore point the council voted by a large majority to condemn the committee for industrial organization, formed last December under the chairmanship of John L. Lewis to promote industrial unionization.

The second labor conference was the mine workers' convention held in Washington late in January and early in February. Amid a storm of cheering and stamping, the miners voted in favor of amending the Constitution if necessary to secure labor legislation, of supporting John L. Lewis in his battle for industrial unionism and of sustaining the Roosevelt administration. To demonstrate the strength of their allegiance the miners appropriated a large sum from their treasury to aid President Roosevelt in his campaign for re-election.

Their resolve to proceed in mass organization outside craft lines was stiffened by an address by Sidney Hillman promising the assistance of

the Amalgamated Garment Workers in the struggle for industrial unionism. In February, 1936, American labor was nearer a fateful split than at any time since the formation of the Federation of Labor fifty years before. When William Green, speaking for the federation on Feb. 3, told the miners that his organization would not "tolerate" within its ranks an organization so challenging to "its supremacy," all but one or two delegates sprang to their feet in a vote of defiance to this "ultimatum."

On the constitutional aspects of the economic issues raised by the decisions of the Supreme Court invalidating New Deal legislation, extensive discussion proceeded openly and secretly in Washington. President Roosevelt and his Cabinet officers, as if by preconcerted arrangement, maintained official silence. There was no repetition of the "asperity" displayed by the President last Spring after the ruling in the NIRA case. According to well-founded reports, administration directors were waiting for more judicial rulings before making decisions.

But members of Congress in groups and conferences discussed the question. Since the welfare clause in the Constitution, taken in connection with other clauses, seemed broad enough to warrant the type of legislation demanded by the New Deal, interested Senators and Representatives were unable to conceive of anything broader by way of amendment, except in the form of specific authorizations for labor and social enactments. The clue to this line of thought was given by Stanley Reed, Solicitor General, in an address before the New York Bar Association on Jan. 25, in which he said that the powers of Congress were ample if "construed sympathetically."

In the circumstances the attention of Senators and Representatives concerned with the constitutional question turned rather to methods of "curbing the courts." Once more all the old devices were brought up for discussion. They included various schemes for curtailing the jurisdiction of the lower courts and limiting the appellate jurisdiction of the Supreme Court. The project for requiring a vote of seven judges out of nine to invalidate an act of Congress was likewise revived for consideration.

CAMPAIGN PRELIMINARIES

Tested by the volume of printers' ink spread in reports and comments, the most significant political event of the season was a vitriolic attack on the Roosevelt administration delivered by Alfred E. Smith at a great Liberty League dinner given in Washington on Jan. 25. Contrary to the expectations of many friends, Mr. Smith did not confine his remarks to criticisms of President Roosevelt's "administrative and financial vagaries." On the contrary, he assailed every feature of the New Deal. He accused the administration of violating every fundamental plank in the platform of 1932, of wasting money, fostering class hatred and compelling the abdication of Congress in favor of the Executive.

Taking up the charge of socialism and communism, which had often been hurled at him, Mr. Smith flung it at the Roosevelt administration, alleging that it had in fact adopted the Socialist platform of 1932. He declared his allegiance to Jefferson, Jackson and Cleveland, and repudiated Karl Marx, Lenin and "the rest of that bunch." Immediately calculators among the politicians raised questions: What will Mr. Smith do when the Democratic convention meets at Philadelphia on June 23? Will he bolt the party if

President Roosevelt is renominated? If he bolts, will he try the tack of the Gold Democrats in 1896, or will he support the Republican nominee?

The task of replying to Mr. Smith's strictures was assumed by Senator Joseph Robinson on Jan. 28. The retort consisted largely of extracts from Mr. Smith's speeches in which he had openly supported various administration policies and measures after 1933. Senator Robinson accused Mr. Smith of deserting his party in time of stress and lining up with powerful economic interests which had generally been against him in 1928. "The list of directors and officers of the American Liberty League," he said, "reads like a roll-call of the men who have despoiled the oil, coal and water-power resources of this country. With notable exceptions they were lined up against you in 1928, supplying the money with which Herbert Hoover went about the country denouncing you as a Communist and a Socialist."

The delight of Republican managers in the Democratic fracas was increased by a diversion in the South. On Jan. 29 there assembled at Macon, Ga., "a grass roots conference" of Democratic delegates from seventeen States—mainly from Georgia. At this assembly Eugene Talmadge, Governor of Georgia, poured more vials of wrath on the Roosevelt administration. Having roundly denounced the administration, Mr. Talmadge announced that he would wage war against it throughout the country.

If some Republican directors hoped to raise anew the banner of 1896, seekers for the Republican nomination were scarcely agreed upon it. While his Western managers sought to line up delegates, Senator Borah carried his campaign into the East with an address at a mass meeting in Brooklyn on Jan. 28. There he reaffirmed his economic faith: Destroy monopoly, restore competition and maintain isolation. If more welcome to business enterprise than any form of "regimentation," it was not exactly gratifying.

In fact, the drift of Republican affections, as far as it could be detected, seemed to be in the direction of Governor Alfred M. Landon of Kansas. At all events his backers were making a good "build-up" in the national mind.

In making his bid for national attention, Governor Landon was vigorous in his criticism of the financial and administrative practices of the New Deal and discreetly vague on positive measures to be substituted. Although deficient in experience on the national stage, he gained strength with each address to the country—if strength is to be measured by column inches of publicity.

But the larger fate of America was not being determined by the words of exalted figures in national life; nor will it be determined by the President and Congress installed at the opening of 1937. The farm problem remained. Gigantic concentrated business with its inflexible prices stood. Something like 20,000,000 people were on relief and 8,000,000 tenants and share-croppers hung on the margin of subsistence. The depletion of natural resources continued. Every week millions of tons of rich soil were washed down to the sea, continuing inexorably the processes described in the Mississippi Valley Committee's report of last year. Armaments for the next world war mounted, as Foreign Offices shivered, powerless in fear. In none of the superficial news of the days was revealed the destiny of the coming years.

Canada in World Affairs

By J. BARTLET BREBNER

THE World War raised Canada so rapidly to nationhood and to an influential position in international councils that her people are rather ignorant of the relationship between power and responsibility in foreign affairs. A few warnings were raised, notably by the late Professor W. C. Milner immediately after the war, but the people as a whole failed to parallel the vigorous action of their statesmen with sober consideration of the obligations they were assuming.

League membership has helped somewhat to educate the Canadian public. This was true during the Chinese revolutions and during the League's vain efforts to restrain Japan in Manchuria; yet it was not until the Italian attack on Ethiopia and Great Britain's sudden decision to use the League to further her ends that internationally minded Canadians were forced to look beyond the more immediate imposition of sanctions.

The Liberal government has rather successfully ignored the cleavage of opinion caused by its disavowal of the Canadian delegate's stand on oil, coal, iron and steel sanctions, but public discussion has been widespread and serious. There has been on the whole less concern over whether Canada was the catspaw of the British and French Foreign Offices than over what the obligations of League membership may be. Indeed, Senator Arthur Meighen and others have gone so far as to ask whether Canada can at the same time, indulge in righteous indignation against Japan and Italy and continue to safeguard her vast natural resources by restrictive immigration regulations.

Over the issues raised, French-Canadian isolationists, reinforced by a small but growing British-Canadian group, have clashed with internationalists. The latter are moved by the idealistic belief that collective security is the only alternative to international chaos, but they are also influenced by the fact that British opinion generally has rallied to League support.

Although isolationism may ultimately require defense, that seems remote, and Canadians know that the United States would be immediately concerned over any threat to the Dominion. On the other hand, unwillingness to be under obligation to the United States reinforces the supporters of British policy and of truly collective methods. In Canada, as elsewhere, the Hoare-Laval agreement was deeply disquieting, despite a strong desire to believe in Baldwin's honesty. If Canadians became convinced of British duplicity, isolationism would increase even to the point of considering an alignment with the United States, and this despite what Canadians regard as unwarrantably complacent American assertions of moral superiority to Europe.

DEBT AND TAXES

Charles Dunning, Dominion Minister of Finance, has answered Canadian hopes by tackling the problems of Provincial debt and overlapping

taxation. The Dominion-Provincial Conference of last December paved the way for a possible constitutional convention by consigning to Dominion-Provincial committees of experts the problems of constitutional amendment, agricultural debt and marketing, mining and mine taxation, and the whole matter of Dominion-Provincial relations in the fields of taxation, debt reduction and conversion operations. Mr. Dunning headed the last committee and was able at a meeting on Jan. 13 to present an acceptable program to the Provinces.

The most urgent financial problem arises from the inability of the four Western Provinces to carry their debt burdens unaided. The December conference rejected proposals for forcible debt conversions and there were many objections, constitutional and otherwise, to creating a Federal Loan Council on the Australian model. The Dominion had no fears about its own credit, because only a quarter of the present Federal obligations mature during the next two years and can be refunded at low rates, but it could not continue to make up Provincial deficits if it did not extend Federal control. Mr. Dunning's committee had to devise a scheme that would be effective without offending Provincial susceptibilities.

The new scheme, accepted by the Provinces after one day's consideration, emphasizes separate Provincial Loan Councils instead of the Federal Finance Council. A Province requiring assistance can submit its case to a Loan Council consisting of the Dominion Minister of Finance and its own Provincial Treasurer, with the Governor of the Bank of Canada as adviser. Normally the Dominion would then guarantee new securities at lowered rates of interest to be offered to holders of the old bonds, who would presumably prefer certainty and low interest to uncertainty and a higher yield. In return there would be no direct budget control over the Province, but as collateral security the Dominion would receive a lien on the statutory Federal subsidy to the Province and on part of the tax returns. The Loan Council would also control future borrowing. Apparently the four Western Provinces were ready to use the scheme, while the five Eastern Provinces would avoid it, at least until the time comes for new borrowing.

Mr. Dunning planned to have his scheme perfected by April 1, but its permanent establishment involves constitutional amendment. It was planned, therefore, to revise the Constitution by extending and revising the Provincial powers of taxation. If Mr. Dunning succeeds in his plans, he will have gone far to reduce the rivalry of taxing authorities and to introduce greater stability, particularly for corporations. In effect he aims at Federal control of credit without destroying the financial autonomy of the Provinces.

Naturally, there has been a desire to capitalize the present willingness to amend the Constitution, for there has been no such unanimity in the history of the Dominion, and it may not last. Yet the ramparts cannot be rushed. The Supreme Court began on Jan. 15 lengthy hearings and deliberations on the constitutionality of the social legislation enacted last Spring. The work of all the Dominion-Provincial committees and much of the program of constitutional revision must await the court's decisions.

ALBERTA'S EXPERIMENT

The Dominion Government in January advanced Prime Minister Aber-

hart of Alberta $2,000,000 to meet a maturing debt without forcing him to accept Mr. Dunning's loan council procedure. Alberta now has over two months' grace before another maturity—which will coincide with the launching of the new loan apparatus. Meanwhile, Mr. Aberhart had received a preliminary report on the local coal industry from a British expert, had prepared enabling legislation for the introduction of Social Credit and had bought a Calgary daily newspaper and another wireless station. Social Creditors have been much encouraged because G. D. H. Cole, the Oxford economist, in his most recent economic study favors the social dividend as a useful expedient.

WHEAT AND FOREIGN TRADE

Since the beginning of 1936 discontent has revived among the Western grain growers. There is widespread suspicion that the Liberal Dominion Government is hostile to the cooperative producers' pools and to the marketing boards introduced by Conservatives. As a result of the changed attitude the Winnipeg Exchange instead of the pools is being blamed for the wheat surplus accumulated since 1928. When J. I. McFarland and the Wheat Board and Advisory Council appointed by the Conservatives were dismissed by the Liberals, it was felt that their successors were much closer to the Winnipeg Exchange than to the cooperatives. In general, the Western grower finds cooperation and governmental support for prices more congenial than the Liberal creed of free competition and "hands off business"—at least so far as grain brokers are concerned. Much of the discontent, however, could be traced to disappointment because prices have fallen instead of rising.

The farmers were further disconcerted by an announcement that a conference of growers, dealers, exporters and millers would be held in Winnipeg on Feb. 25, apparently to devise means to get the government out of the wheat business and turn it over again to the competition of the pools and brokers. On Feb. 4 the board announced that it had taken over, as of Dec. 2, 1935, the accumulated surplus of the central sales cooperative. No price was stated, but in Ottawa it was believed that the loss to the cooperative amounted to $16,000,000.

At the end of January it was reported from Ottawa that during the present crop season wheat exports reached 92,000,000 bushels, an increase of 15,000,000 over last season. The visible supply has dropped about 3,000,000 bushels below the figure of a year ago. Export clearances in January were more than half as large again as those of 1935.

Foreign commerce statistics for December showed that Canadian-American trade had fallen off badly because both exporters and importers were awaiting the new trade agreement. Yet figures for the full year were encouraging. Total foreign trade, amounting to $1,293,000,000, was 10.1 per cent above 1934, exports having increased 11.6 per cent and imports 7.2 per cent. Exports to Empire countries were 12.6 per cent and imports 10.7 per cent over 1934, as compared with 10.6 per cent and 5.6 per cent in trade with foreign countries. The increases in trade with the United States were, for exports, 19.5 per cent, and for imports, 6.3 per cent.

Cuba Under a New President

By HUBERT HERRING

THE election of Dr. Miguel Mariano Gómez to the Cuban Presidency on Jan. 10 evoked no general applause. Charges of intimidation and of wide-spread electoral frauds were freely made. The delay in counting the vote excited suspicion, and demands were voiced by the papers *Diario de la Marina* and *Avance* for an investigation. This protest died down, and it was admitted that the coalition of Nationalists, Republicans and Liberals had carried all six Provinces, electing the President and Vice President and all their candidates for the Senate.

In order to quiet the Democrats, the government on Jan. 23 consented to a constitutional amendment permitting a retroactive increase in the membership of the Senate from twenty-four to thirty-six. This change automatically made places for the defeated Democratic candidates, since it stipulated that the electors of that minority party should be permitted to designate the twelve additional Senators. Mario Menocal, the defeated Presidential candidate of the Democrats, asserted his unwillingness to accept such minority representation, but was overruled by his party committee. The new Senate takes up its task, with two-thirds supporting the incoming administration of President Gómez and one-third loyal to ex-President Menocal.

This constitutional device nominally provides representation for the Opposition; actually, the more vocal Opposition neither participated in the election nor shared in the spoils. The Auténticos continued their bombardment from Miami; Joven Cuba and its allied students stirred their witches' broth in Mexico and elsewhere, and rumors of impending revolt were freely aired. The spokesmen for these refractory groups claim widespread support among the workers, the soldiers and professional groups of Cuba. They admit the possession of large war chests, and they are determined to press the issue by arms.

President-elect Gómez announced a policy of friendly cooperation with the United States, thereby ingratiating himself with business interests and giving comfort to the holders of Cuban bonds. Payments of interest and principal on the Cuban external loans have been in default since December, 1933. This external debt amounts to $131,795,000.

The original determination to default was explained by President Ramon Grau San Martín in December, 1933, when he said that the debts had been illegally contracted and were not binding upon the successors of the overthrown Machado régime. It now seems clear from the promises of Dr. Gómez that interest and principal payments will soon be resumed. This attitude of the President-elect was interpreted by the more intransigent oppositionists as a play for the favor of American interests and as a direct blow to the interests of Cuba. They said it proved that Dr. Gómez recognized as his true superiors the Amer-

ican Ambassador, the American sugar interests and the bankers who hold the bonds. The whole argument was reminiscent of the charges and counter-charges of the Machado days.

One of the unhappiest rôles in Cuba is that of the American Ambassador, Jefferson Caffery. Roundly scored by the oppositionists as the firm ally of Batista and as responsible for the naming of Gómez, he has been accused of continuing American dictation of Cuban politics. Others have acclaimed him as the true friend of Cuban constitutionalism. About the only thing firmly proved by the developing drama is that the American Ambassadorship in Cuba deserves first place on the list of impossible jobs.

The AAA decision of the United States Supreme Court had its repercussions in Cuba, whose sugar producers await with anxiety the effects upon the Cuban product. On Jan. 21 it was announced that production for 1936 had been provisionally set at 2,315,000 tons, with 2,500,000 as the outside limit. This represents a further tightening of the national belt.

CHACO DEADLOCK BROKEN

Paraguay and Bolivia on Jan. 21 signed a pact providing for the release of all war prisoners and the renewal of diplomatic relations. This agreement settled the most immediately troublesome issue between the belligerents. Paraguay held over 28,000 Bolivian prisoners, while Bolivia held only 2,000 Paraguayans. Paraguay's refusal during the seven months of conference to yield on the surrender of these prisoners constituted the chief obstacle to amicable agreement on the other points in dispute. With the question of prisoners eliminated, it is hoped that the fundamental question of territorial adjustments may be approached with more confidence.

The signing of this pact was generally hailed in South American capitals as the definite ending of the Chaco War, which was waged from June, 1932, to June, 1935, cost at least 100,000 lives, shattered the health of another 100,000 and brought both Paraguay and Bolivia close to economic collapse. For the outcome credit is given the peace conference composed of representatives of six neutral States—the United States, Argentina, Brazil, Chile, Peru and Uruguay. These neutrals undertook the task of peacemaking after the League of Nations had failed.

The pact of Jan. 21 committed both countries to the provisions of the preliminary peace protocol of June 12, 1935. This meant the reaffirmation of the agreement to maintain the existing military positions in the Chaco and the limiting of each army to a total force of 5,000 effectives until the territorial question is settled. Bolivia agreed to pay 2,800,000 Argentine pesos for the maintenance of war prisoners; Paraguay to pay 400,000. The pact signed, the peace conference agreed to adjourn until after the Bolivian and Paraguayan elections. This involved postponing further discussion of the difficult territorial issue until May or even later.

With the question of war guilt committed to a commission of judges, with war prisoners released, there remains the settlement of the real issue over which this peculiarly futile and disastrous war was fought. In the meantime Paraguay holds the Chaco, while Bolivia has not yielded one iota of her claims upon the region.

BRAZIL, URUGUAY AND RUSSIA

The diplomatic break between Uruguay and the Soviet Union and the sailing of Alexander Minkin, Soviet Minister, from Montevideo on Jan. 3,

had their repercussions in Rio de Janeiro, Montevideo and Geneva. In Brazil the government reiterated its contention that the revolt of last November was Communist-inspired and directed, that the Soviet Minister in Montevideo had been in close contact with Luiz Carlos Prestes and others who were leading the Alianza Libertadora, and that Soviet gold had flowed through Montevideo to the aid and comfort of their spiritual kinsmen in Brazil.

The Alianza countered by denying that Prestes knew or had had any traffic with Minister Minkin and by asserting that the Alianza was a thoroughly indigenous movement, supported by a wide variety of semi-liberal, liberal and radical groups. The argument will not be resolved until the heat subsides.

President Vargas and his aides profess to be convinced that they are faced by a gigantic Communist plot whose lines lead straight through to Moscow. Those who oppose him are equally heated in rejecting the entire argument. In the meantime, the men selected for punishment by the government include some of the most distinguished and patriotic Brazilian Liberals. That there were some Communists involved seemed clear. It also seemed clear that the revolt was not a Communist affair.

From Montevideo came repeated claims of ample proof for all the charges President Vargas had made. From Moscow came the demand upon the League of Nations that it inquire into the action of Uruguay in terminating diplomatic relations. In Geneva Maxim Litvinov, Soviet Foreign Commissar, had a great deal to say about the complaints of Uruguay, and there were heated words. The League pacifically decided to omit the matter from its docket, thereby exciting the Brazilian press to protest against the League's indifference to the welfare of weak nations.

THE MEXICAN SCENE

January in Mexico was marked by new developments in the Church-State contest, by further labor complications, by the quieting of fears lest ex-President Calles provoke trouble and by anxious discussion of the silver policy of the United States.

The Catholic Church, on Jan. 16, through a pastoral letter, forbade its adherents to send their children to the governmental schools, in which socialistic education is imparted. This boycotting of the public schools was the most outspoken attack upon the policy of the government that had come from the church. Reports from widely scattered sections of Mexico indicated that it appreciably affected school attendance, especially in such strongly Catholic centers as Jalisco and Puebla.

A challenging letter to the Catholic Episcopate in Mexico, forwarded on Nov. 23, 1935, to President Lázaro Cárdenas, was made public on Jan. 27. In this letter, signed by all Mexican Archbishops and Bishops, the government's claim of religious liberty was directly challenged, and it was declared that "a state of religious persecution exists in Mexico." The Episcopate renewed in this letter its petition for the restoration of the liberties of the church; the return of churches seized or closed since 1914; the abrogation of State laws limiting the number of priests allowed to officiate; permission to reopen church seminaries; and the abandonment of anti-religious teaching in the public schools.

A strike of petroleum workers broke out on Jan. 30 in a Vera Cruz plant of the Huasteca Petroleum Company (controlled by the Standard Oil Company of New Jersey). While

this strike directly affected only 600 men, its implications gave it special significance. The strikers demanded that any worker substituting for another shall receive his own wages as well as those of the absentee; that workers who have served for a year shall, in the event of non-occupational sickness, be entitled to full wages, medical attention and medicine for a maximum period of seventy-five days; that members of the families of workers shall also receive medical attention; that recreational facilities shall be provided; and that, through arbitrary division of labor, the number of jobs shall be substantially increased.

The company described the proposals as confiscatory, while workers in the petroleum industry viewed the strike as a test case that might affect all of them. The Federal Labor Board on Feb. 1 ruled that the company must continue to pay 44 per cent of the striking workers as watchmen during the course of the strike. This decision, and the attitude revealed by it, aroused alarm among employers throughout Mexico.

Mexican Government officials continued to watch the movements of ex-President Plutarco Elias Calles with anxiety, but the "Chief of the Revolution" seemingly did nothing more revolutionary than play golf and receive his friends. Popular demonstrations against Calles continued, and the President was urged to rid the country of him. On Jan. 9 Calles's ranch near Mexico City was seized by 200 women. Calles denounced them as Communists. It was felt that this move might be followed by further informal appropriation of Calles's extensive holdings, as well as those of his wealthy associates. Whether government-inspired or not, the seizure was carried through without protest from the Federal authorities.

The silver question came to the fore during January. Washington's policy, while giving Mexico spasmodic bursts of prosperity through increased demand and ensuing higher prices, has played havoc with her currency. The lifting of the price level for the metal forced Mexico to call in its silver coins and to substitute others containing less silver. The breaking of the price and the abrupt discontinuance of American buying brought further confusion. When, therefore, Eduardo Suárez, Mexico's Secretary of the Treasury, flew to Washington in early January, it was apparent that the talk would concern silver. The details of the agreement he reached with Secretary of the Treasury Morgenthau had not been revealed by Feb. 1, but it seemed clear that the decision was satisfactory to Mexico. Washington, it appeared, would continue to absorb some of the Mexican production of silver—this year's figure will stand at about 72,000,000 troy ounces.

COLOMBIA AND HER DEBTS

President Alfonso López appealed to the Colombian Congress on Dec. 10 for a realistic facing of the country's foreign debt, which amounts to $206,500,000 and upon which there is an annual service charge of $22,000,000—chiefly in default. "We cannot forget what we owe," said President López, "and indefinitely not recognize the nation's and the States' obligations to foreign creditors. Something must be done because we cannot liquidate the situation by simply disregarding our obligations and renouncing the possibility of ever again resorting to credit." His appeal was vigorously challenged during December and January by Colombian financiers and economists. Some of these

dispute the government's claim of a favorable balance of trade, and demand that no payments on interest or principal be made until the loans are consolidated, scaled down and carry lower interest rates.

PAN-AMERICAN LABOR PARLEY

The first all-American labor conference, recommended by the Seventh Pan-American Conference in Montevideo in 1933, and planned by the International Labor Organization of the League of Nations, was held in Santiago, Chile, in January. Nineteen of the American Republics were represented by official delegations, and Canada participated for the first time in a Pan-American conference. Nine nations—the United States, Brazil, Chile, Cuba, Ecuador, Bolivia, Peru, Colombia and Paraguay—each sent a full delegation, that is, two government representatives, one employer and one labor delegate.

The personnel of the conference reflected the state of mind that prevails at Pan-American gatherings. It had the stuffiness of much officialdom. The delegations in most instances reflected the stout feudalism persisting in several of the countries. The spokesmen for labor had, in the main, been selected for their moderation. Nevertheless, the conference proved useful in affording a forum for the voicing of demands for more general safeguarding of workers, for the elimination of child labor and for the lifting of working levels through international cooperation.

One of the stormiest questions raised was that of child labor in the textile industry, Miss Frieda Miller of the New York State Department of Labor, a representative of the United States Government at the conference, made the plea for an international accord on the exclusion of children under 16 years from employment in textiles. "To the United States," she said, "the real significance of the proposal to eliminate child labor lies in the fact that if, anywhere in the world, we continue long to exploit the labor of children we shall invalidate our most earnest efforts toward the achievement of those objects for which the International Labor Organization exists." Her proposal met serious opposition, for both Chile and Brazil are intent upon developing their textile industries, and their manufacturers are keenly aware of the competition of Japan and the United States. Inconclusive as the debate was, it emphasized the international implications of child labor.

In spite of the subservient officialism that marked much of the debate, the conference listened to some searching analyses. Miss Miller's appeal attracted wide attention. So did that of Luis Solís, the Chilean labor delegate, who denounced Chilean evasion of labor laws. Rafael Burgos of Colombia, describing the conditions of Indian labor, spoke not only for his own country but for Ecuador, Peru and Bolivia. "Among us," he said, "a man who works in the mines is a species of tubercular troglodyte; the Indian is a savage without law and a place in the sun."

The specific gains of the conference are not easily listed. Its resolutions on a variety of issues must go through the mill of more than twenty congresses. The fact of the conference was in itself eloquent. It posed conditions and needs. It brought the wide range of working conditions into the orbit of attention. No matter what may be said of the futility and hollowness of Pan-American gatherings, it must be admitted that this one at least faced genuine issues of inter-American concern.

The Passing of Britain's King

By Ralph Thompson

In any circumstances the death of a British monarch, ruler over hundreds of millions of people and millions of square miles, is something more than the death of a man. However wise or good he may be, or however petty and foolish, he stands as the symbol of imperial unity and the British way of doing things, and when he dies something far weightier than a single human life comes to a pause.

This we must believe in order to understand what happened after the death of King George V on Jan. 20. The massed brass bands and silent surging crowds in the streets of London, the processions, the solemn ceremonials; newspapers the world over devoting pages to pictures and descriptions under sensational headlines; the United States House of Representatives temporarily adjourning its deliberations; minute guns fired from warships and shore batteries in New Zealand, Bermuda, South Africa—this measure of homage would have been a superfluity for the greatest genius and leader who ever drew breath. One man of genius, indeed, had been lost to the world exactly two days before the King died. Yet the sorrow for Rudyard Kipling was barely perceptible amid the larger mourning. Literary creation, even of the most popular order, lacks the mass appeal of tradition.

George V, a sheltered and somewhat mysterious figure whom the vast majority of people under the British flag had neither seen nor heard in the flesh, was the temporary incarnation of a tradition more than a thousand years old. Bound round with constitutional restrictions imposed by the very race that cheered itself hoarse whenever he appeared upon a palace balcony, he had made not a single striking pronouncement in his seventy-one years of life, had assumed (if one is to believe the common report) little political or social leadership beyond that modicum that fell to him automatically, and had made no personal contribution to literature, science or the arts.

King George's claim to public affection rested principally upon the accident of birth, and secondarily upon a reputation for modesty and a studious avoidance of certain unseemly acts in which other monarchs had been known to indulge. One must conclude that it was in deference to a break in tradition rather than to a man that people in the streets of London wore black ties or mourning bands, that radio broadcasting ceased and that dance orchestras put away their instruments when death came to Sandringham House.

The break was momentary only. The Prince of Wales, within a few hours after his father's death, assumed the title of Edward VIII; within less than a day he made his first public utterance as sovereign, informing the Privy Council that he would work to the best of his ability "for the happiness and welfare of all classes of my subjects."

In the meantime, Parliament, with-

out the formality of a royal proclamation and while the dead King still lay at Sandringham, interrupted its Christmas recess and assembled to take the oath of allegiance to the new sovereign, a ceremony begun early in the evening of Jan. 21 and continued on the following day. On Jan. 23 the Lords and Commons adjourned to Westminster Hall to pass silently before the body of King George, brought down to London for the funeral, and then returned to their respective chambers, where spokesmen of the several parties praised in unqualified terms the achievements of the late monarch. On Jan. 28 the fifth of the Georges was laid to rest in St. George's Chapel, Windsor, after pageantry and regal pomp almost unprecedented.

Few dissonances jarred the eight days of public mourning. Republicans led by Dr. Malan walked out of the South African House of Assembly as the Prime Minister offered a motion of congratulation and loyalty to the new King, but hardly a moment earlier it had been Dr. Malan who seconded a motion of condolence with the bereaved royal family. Even the Irish Free State Government, peculiarly intolerant of the royal pretensions, postponed all official functions when news of the King's death became known, and after a somewhat significant interval the Dail, upon the motion of President de Valera himself, voted its regrets and sympathy.

Only the unregenerately and flamingly Red, indeed, took the opportunity to suggest that in the passing of King George the British Commonwealth of Nations had suffered less than an irreparable loss.

MR. BALDWIN'S TASKS

For Prime Minister Baldwin the weeks of late January and early February were not easy. It devolved upon him as political leader to voice the nation's grief at the passing of the King, to direct the loyal surge toward the new monarch, to engage in processions, memorial meetings, visitations, to wear a variety of State uniforms. When on Jan. 23 the ashes of Rudyard Kipling were placed under the stone flooring of the Poets' Corner in Westminster Abbey, it was as first cousin of the deceased as well as Prime Minister that Mr. Baldwin was in attendance. And there were the unending problems of government, business and the national welfare to grapple with.

The danger of a coal strike was providentially averted on Jan. 24. On that day the Mineworkers Federation accepted from the colliery owners a flat one-shilling wage increase for the Midlands, Lancashire and North Wales and slightly improved piece rates and subsistence rates for South Wales. This was considerably less than had been demanded, but the miners accepted it as an "installment of further improvement" because the owners had also agreed to set up a permanent joint consultative committee to discuss all matters of common interest, "not excluding general principles applicable to the determination of wages by district agreements." But hardly had the coal strike shadow faded when 10,000 Smithfield meat-market workers walked out of their jobs, endangering the supplies of millions of Londoners. At this writing no settlement had been reported.

General economic conditions in Great Britain were not as good as they had been, chiefly because during January the number of unemployed had risen nearly 300,000 to a total of 2,159,722. On Jan. 30, moreover, from (of all people) Colin Campbell,

chairman of the National Provincial Bank, one of Britain's "big five," came the startling charge that large sections of the people were, despite so-called national recovery, doles, insurance and repeated expressions of official benevolence, still without sufficient and proper food. "If the undernourished classes in this country were able to enjoy a full diet," the banker argued, "there would be an increased trade in foodstuffs amounting to about £200,000,000 a year," and this would do more to bring back prosperity than rearmament, slum clearance and the like.

But Mr. Baldwin and his government were convinced that another sort of scheme for national recovery had more to recommend it, and when Parliament began its regular session on Feb. 4 the chief topic of discussion in the lobbies was the new rearmament program. While official details had not been published, it was generally believed that between $1,000,000,000 and $1,500,000,000 would be devoted to the most ambitious defense plan Britain had ever seen in times of nominal peace. The air force would be increased with even greater speed than at present, the infantry and cavalry would be rushed toward complete mechanization and the navy would be restored to its former supremacy.

TROUBLE FOR MR. DE VALERA

On several recent occasions things have not gone so well as they might for President de Valera and the Irish Free State Government. Late in December the coal-cattle pact with Great Britain, initiated in January, 1935, was renewed for another year. In other words, the government again confessed that at least in regard to cattle exports and coal imports the economic war with Britain had been a resounding failure. The Free State will buy during 1936 some 200,000 more tons of British coal than in 1935, and of its total coal imports all but a symbolic pittance (1,000 tons) will come from British collieries. Furthermore, the coal is to be admitted duty free; the five-shilling-per-ton tax imposed as a reprisal against British duties was ordered removed as from Jan. 25. This was done, according to Irish officials, because recent rises in the price of coal had already placed Irish consumers at a considerable disadvantage.

Mr. de Valera was, of course, criticized for this latest move. He has been also criticized because he continues to believe that the Free State will eventually become an Irish-speaking country. In line with his policy, the use of English in certain grades of the national schools was recently outlawed, which means that children up to about nine years of age, 90 per cent of whom come from English-speaking homes, must learn their three R's through Gaelic. Since it is obviously difficult enough to teach youngsters in a language they understand, the critics on this score have included otherwise loyal supporters of the President, and it seems probable that sooner or later the government will be forced to adopt a more moderate course. However disappointing it may be to sincerely patriotic Irishmen, the rank and file of the people will not speak Gaelic even after they have been exposed to it in school, and as for the minority to whom Gaelic is the mother tongue, they are rapidly decreasing in number.

In the Senate Mr. de Valera's policies met one final rebuff. Confronted by the persistent refusal of certain farmers to pay their land annuities, the President drove through the Dail a measure called the Land Purchase (Guarantee Fund) Bill to authorize

the government to deduct from agricultural grants payable to the county councils the amount of land annuities owing. But he could not get it through the Senate. Nor could he force the Senate to sign its own death warrant. On Jan. 16 that chamber refused, by a vote of 30 to 20, to pass the bill for its extinction, moving that it would approve dissolution only if the Dail consented to establish an alternative upper house. But, as pointed out in these pages last month, it made little difference what the existing Senate thought or advised on this occasion, and thus far no successor body has been appointed.

MIGRATION TO AUSTRALIA

Among the questions to be discussed when Australia's Federal and State Premiers meet in conference in April is that of an immigration agreement between the Commonwealth and Great Britain. That the subject should even be broached is evidence of recovery; some years ago no one in Australia would have dared offer the suggestion that the ranks of the unemployed be swelled to relieve population pressure in the mother country.

In the interval, however, unemployment has dropped to 13 per cent, and the prospect is that even this figure will be lowered. Furthermore, fear of Japan has not disappeared, and the conviction gains ground that only by greatly increasing her population with settlers from the British Isles can the Commonwealth long maintain a "white Australia" policy. The institution of an Empire Settlement Board, announced in London last December, makes possible full cooperation by the British Government.

SOUTH AFRICAN ISSUES

When the new session of the Union of South Africa Parliament opened on Jan. 24 outstanding questions to be debated included that concerning legal appeal to the British Privy Council and that of the Native Bills. In the former case Colonel Stallard, leader of the Dominion party, was expected to insist upon maintaining the right of appeal as a connecting link with the British Empire, while Dr. Malan, leader of the Dutch Republicans, would for the same reason demand its abolition. At present the right of appeal as such does not exist; South Africans merely possess under the Act of Union the privilege of asking the Privy Council for the right to appeal. Since litigation before the Privy Council is enormously expensive, those who argue that it should be made impossible speak not only from nationalistic motives but also on behalf of those who cannot meet such high legal costs.

As for the Native Bills (see July CURRENT HISTORY, page 380), they have met with denunciation ever since they were published by a Joint Committee of Parliament last April. Native chiefs and other leaders, assembled in the conferences convened by the government for the purpose, have protested that the Representation Bill would abolish "the franchise rights conferred on the African people eighty years ago"—which indeed it would—and that the Trust and Land Bill, while a step in the right direction, did not go far enough in appeasing native land hunger. Liberal white South Africans tend to concur in these opinions, but the conservative Opposition appears to be strong enough to prevail.

TOWARD A FEDERAL INDIA

Further evidence that India will cooperate in working the impending constitutional reforms was offered late in 1935. Meeting at Dhulia in December, the Non-Brahmin Conference,

after deploring the inadequacy of the Government of India Act, agreed that it was better than nothing and resolved to join in trying to make it acceptable. A similar stand was taken at a meeting of the Hindu Mahasabha in Poona and by the National Liberal Federation, which convened at Nagpur during the last days of the year. Simultaneously, the Indian National Congress celebrated the fiftieth anniversary of its founding, but without declaring its final attitude toward the new Constitution.

The mechanics of a federalized India continue to absorb the attention of various official bodies. The first of a series of conferences between representatives of the Government of India and of the Provincial governments, designed to prepare the ground for Provincial autonomy, was held in New Delhi on Jan. 13. On the same day the India Office appointed a committee to investigate the question of payments to India by Burma when separation takes effect. On Jan. 17 Sir Otto Niemeyer reached India to begin his inquiry into the budgetary positions of the Central and Provincial governments and the allocation of financial resources under the Federal scheme. Draft Orders-in-Council for setting up the two new Indian Provinces of Sind and Orissa were published in London on Jan. 20, the first of a long series dealing with matters not provided for by the Government of India Act itself.

Premier Laval Resigns

By FRANCIS BROWN

FRANCE continues to bump along a rough road. Breakdown has repeatedly been avoided, but the road, wherever it leads, has so far not brought the Third Republic in sight of recovery. Events during January added only one more chapter to the story of a tedious journey.

The month opened with an apparent lull in political controversy. Parliament was in recess and the parties were seeking behind the scenes to decide upon policies for the coming session. The Stavisky trial was dragging to its close. Business remained dull, while the public grumbled about hard times and the unusually rainy Winter. Then on Jan. 14 Parliament assembled for its last session before the general elections.

The opening meeting was quiet and observers expressed the belief that the Laval government, despite its lack of popularity, would somehow survive until Spring. The Radical Socialists, uncertain as to what course to pursue, wavered on the application of party discipline, which would have required all members to vote as a unit. As a result the Cabinet, on a question of procedure, received a majority of 63. M. Laval seemed to be more firmly in the saddle than ever.

But immediately a new crisis arose. On Jan. 17 it became known that Edouard Herriot, former president of the Radical Socialist party, would resign as Minister of State. Herriot, fearful lest the Cabinet fall, warned the other Radical Socialist Ministers that if they followed him out of it they would bring it down

and possibly induce a financial crisis which would damage the party's chances at the polls. But his arguments were unsuccessful. On Jan. 18 the Radical Socialists in the Cabinet announced that they would resign with Herriot. Their party had already given evidence that it had no sympathy for Premier Laval and his policies.

Though the Laval government was seen to be doomed, its fall was delayed for a few days. Meanwhile, the executive committee of the Radical Socialists, meeting on Jan. 19, elected Edouard Daladier as its new president. Daladier, younger and more militant than Herriot, told his followers that "the fight must be begun against the financial oligarchy," which in his opinion blocks democratic rule in France. He would open the fight immediately, while his older colleague would postpone the struggle—at least until after the elections.

The Premier, who had been in Geneva, returned to Paris on Jan. 21, and on the following afternoon received the resignation of Herriot and three other Radical Socialist Ministers. He then went to the Elysée Palace and handed the government's resignation to President Lebrun. The stormy career of the Laval Ministry was over.

LAVAL'S RECORD

In a statement issued after the interview at the Elysée, M. Laval said: "I did not seek power; I accepted it last June as a duty to my country. I believe that I have fulfilled my mission. The franc, which I was appointed to defend, is intact. The budget, diminished by one-fifth, has been passed. The measures taken in every direction are beginning to bear fruit, and the first signs of a recovery of industrial and agricultural activity are apparent. In the course of the debates in Parliament the divisions between Frenchmen were appeased. * * * During the last few months, in the foreign field, grave difficulties appeared. Peace was maintained; our obligations to the League were carried out; our friendships and our alliances were kept intact; the independence of our foreign policy was assured and reinforced. That is our record."

But the record is not quite as satisfactory as M. Laval made out. Business is bad, so bad that, according to one Paris correspondent, "virtually every industry is bankrupt or near it and the number of business failures each month has become alarming." The hoarding of both gold and banknotes has expanded dangerously. The Laval Ministry, moreover, in pursuing a policy of deflation has intervened in the nation's economic life to a point never before known in France.

While toward the end of 1935 there was some improvement in textiles, leather, coal and the metallurgical industries, it was on a small scale and, in metals at least, was due to public expenditures for national defense. Wheat prices rose a little, in part because the prolonged Winter rains damaged crop prospects. Foreign trade for December was 60,000,000 francs greater than in November, and, since this increase could be attributed to larger imports of foodstuffs and raw materials, it may be that French industry is about to become more active. Yet the evidence is far from conclusive.

Unemployment has been rising. About ten days before M. Laval resigned the total of unemployed receiving public assistance was 463,225, an increase of 12,320 in a week; a year ago the figure was 451,872.

Government finances, however, have been the cause of the greatest concern, despite M. Laval's cheery statement

on the franc. Although the 1936 budget, passed on Jan. 1, was supposedly in balance, the steady decline in revenues makes it most uncertain whether a budgetary deficit can be avoided in the next fiscal year. Tax receipts in December, 1935, for example, were 5,212,000,000 francs under the budget estimates. If this trend continues the government will be in dire straits, despite its economies amounting to 5,500,000,000 francs, for since 1930 successive government deficits have raised the national debt about 70,000,000,000 francs. Taxation has nearly reached the limit of endurance and the government is facing more and more trouble in floating its loans.

Yet the government must find money somewhere—abroad if not at home. About the middle of January rumors were heard that a 3,000,000,000-franc loan would be sought in London. British interests were apparently willing to make a short-term loan to the French Treasury, disguised as a credit operation by the Bank of France, but M. Laval hesitated and left the problem for his successors to solve.

Further light on the French financial situation was given on Jan. 30 when Jean Tannery, Governor of the Bank of France, read his report at the bank's annual meeting. He admitted that during 1935 the bank's gold reserves had fallen 16,000,000,000 francs. But the loss did not cease with 1935. In the week ended Jan. 23, for example, the bank lost 1,000,000,000 francs.

All these economic considerations tended to contradict M. Laval's claim that his Ministry had accomplished its tasks. The record also belied the statement on foreign policy. While the blunders in regard to the Italo-Ethiopian War have become notorious, observers have also wondered why Laval was so slow about ratifying the Franco-Russian pact of mutual assistance, a pact on which Czechoslovakia, a loyal French ally, has counted so much. To many Frenchmen, moreover, it seemed that Laval had been too lukewarm in his support of the League policy and in his friendship with Great Britain. Finally, the former Premier's thinly disguised sympathy for Italy enraged French liberals and radicals.

There was one more point in the rebuttal of M. Laval's farewell message. He declared that "the divisions between Frenchmen were appeased," and yet there was reason to doubt that this was truly so. When the laws against military leagues were published on Jan. 12 in the *Journal Officiel,* all associations appeared willing to obey the new code. But they did not disband. The Croix de Feu has continued to be active and has announced that it will organize cells in each house or apartment building so that ultimately these cells can "communicate their spark to the nonmembers." Then, on Jan. 26, members of the semi-Fascist Peasant Front and of the Popular Front clashed at Begard in Brittany. This riot resembled those that occurred frequently before Parliament passed the laws against the leagues, and gave cause for the belief that strife had not been ended by legislative enactment.

THE SARRAUT MINISTRY

Because so much legitimate criticism could be made of the Laval régime, the government that succeeded it was bound to have a different complexion. President Lebrun first asked Edouard Herriot and then Yvon Delbos to form a Ministry, but both declined and the President turned to M. Sarraut, a Senator from the De-

partment of Aude. The new Cabinet, announced on Jan. 24, was formed so quickly that none of the predicted disasters occurred.

The Sarraut government is more definitely Radical Socialist than its predecessors, although Pierre-Etienne Flandin as Foreign Minister has brought it some support from the Right as has the presence in the Cabinet of Georges Mandel as Minister of Communications and of General Louis Félix Maurin as Minister of War. Support has been gained from the Left through Joseph Paul-Boncour, Minister of State and League delegate, and Marcel Déat, Minister of Air. Marcel Régnier continued as Minister of Finance, while former Premier Chautemps emerged from retirement to become Minister of Public Works.

The new Cabinet, admittedly a stopgap until after the Spring elections, brings together able and experienced men. Though the Premier is not as distinguished as some of his Ministers, he has been in and out of governments for thirty years. In 1911 he became Governor General of French Indo-China and achieved some distinction as an administrator. He was a delegate to the Washington Naval Conference in 1921, and was elected to the Senate in 1926. A lawyer and journalist, he is one of the publishers of the leading French liberal paper, *La Dépêche de Toulouse*.

On Jan. 30 the Sarraut Ministry went before the Chamber, aware that it would be attacked from the Right. The Ministerial declaration, while not remarkable, was general enough in its terms to permit of various interpretations. M. Sarraut, for example, spoke for the "preservation of French credit"; he did not mention the classic phrase, "defense of the franc." In the debate that followed little of moment was said. The Right accused the government of being a creation of the Popular Front. Léon Blum, leader of the Socialists, said: "The government * * * has this infinite merit in our eyes, that it replaces the government of Laval."

When a vote was taken it was discovered that a majority of 196 had been given to the Sarraut Ministry, the largest majority any Cabinet has had from the present Chamber of Deputies. Socialists and even Communists gave the government their support, perhaps in an attempt to demonstrate that the Popular Front meant more than impassioned oratory.

THE STAVISKY CASE

The Stavisky case at last came to an end on Jan. 17 when nine persons were convicted and eleven acquitted of complicity in the Bayonne pawnshop fraud that led to an attempt to overthrow the French Republic. More than two years had passed since the scandal that arose from the swindling activities of Alexandre Stavisky broke over French life. Two Cabinets were wrecked by the affair. There was street fighting in Paris. Then came a drawn-out parliamentary investigation, during which passions cooled and public interest turned to other problems.

On Nov. 4, 1935, the trial began. None of the prominent persons who, by rumor at least, had been connected with the swindle was indicted, and the twenty accused were obviously small fry. Gustave Tissier, former director of the Bayonne municipal pawnshop, was sentenced to seven years at hard labor. Others were given from one to five years in prison. The trial did little to clear up the many mysteries of the affair, but that it was closed gave cause for general satisfaction.

Year IV Begins for the Nazis

By SIDNEY B. FAY

GERMANY on Jan. 30 celebrated the beginning of Year IV of Adolf Hitler's rule with all the spectacular pomp and ceremony that has become traditional in the Third Reich. Everywhere there was marching and singing. In Berlin, the natural centre of all festivities, the day was marked by two impressive ceremonies.

At noon the Old Guard of Storm Troops, some 25,000 strong, who had been brought to the capital from all parts of the country, assembled in front of the former Kaiser's palace to march past Hitler and his Cabinet and listen to a speech by him as their supreme commander. In the evening, undaunted by a drizzling rain, the same Old Guard led all other available Nazi formations in a mighty parade of flaming torches through the Brandenburg Gate and up the Wilhelmstrasse to the Chancellery, where Hitler stood bareheaded on a balcony and took their salutes, while the huge crowds that packed the Wilhelmstrasse cheered themselves hoarse. It was reminiscent of the great torchlight parade of Jan. 30, 1933, when President von Hindenburg finally accepted Hitler as his Chancellor and opened the way for the Nazi régime.

In his speech to the Old Guard Hitler reminded them of their fourteen-year struggle and of the ties binding them to one another. Instead of lauding the national unity that had been supposedly achieved during his three years of power, he emphasized the need of continued fighting to achieve that unity: "What has not yet been quite achieved will be completed later. In the end there will arise, despite everything, one people of one mind, one spirit, one will and one energy. We shall form the man of the future whom our people need in their struggle for existence." And again he referred to the possibility of his death—a note that has been struck so often in his recent speeches that the question arises whether it represents merely rhetorical pathos or dark foreboding.

While the celebration thus outwardly glorified the Nazi party and its fighters, the torchlight paraders did not generally know until a little later that a new law had been issued to shift power from the Nazi party troops to the regular army. This law empowers the army to crush all domestic disorder by force of arms and, in fact, contains nothing that would prohibit the use of the army against the party's own fighting forces. Hitherto, all spokesmen, including Hitler himself, had always insisted that the army was non-political, that its function was to protect Germany's borders against a foreign foe, and that it was the party's function to guarantee domestic peace. This has long been a moot point between the army and the party, but the army seemed to have prevailed once more, and its dominance of the domestic situation can no longer be disputed.

The new law gave point to the great enthusiasm with which Hitler's proclamation on March 16, 1935, of universal military service was hailed by Germans who are otherwise out of

sympathy with the Nazi régime. These anti-Nazi elements look to the new army to save Germany from chaos or from the rule of the radical party fighters in the event of a crisis such as might follow Hitler's death.

Though the immediate cause of the enactment of the new law was not apparent, it was regarded by some foreign correspondents in Berlin as evidence of increasing unrest and growing opposition. The *Frankfurter Zeitung,* which has become increasingly free and frank in its veiled criticisms of government policies, declared on Jan. 30 that there were honest Germans besides Nazis, and that the future depended on whether a bridge could be thrown between the National Socialist party and these people "without which a comprehensive national community is impossible."

GERMAN YOUTH SOCIETIES

Early in January Baldur von Schirach, leader of the Hitler Youth, and Hermann Lauterbacher, his representative, announced that during 1936 a new youth organization would be formed to include all the boys and girls of Germany. Apparently this means that about 9,000,000 boys and girls between the ages of 10 and 18 will be drafted into the new organization, known as the Reich Youth.

The existing Hitler Youth organization is fully described in Baldur von Schirach's book, *Die Hitler Jugend.* Realizing, like Mussolini and Stalin, the importance of indoctrinating the rising generation with Nazi political ideals, Hitler organized in 1926 the Hitler Youth. The name was suggested by his friend, the notorious Jew-baiter, Julius Streicher of Nuremberg. The organization grew rapidly, having some of the pleasant and healthful characteristics of the earlier German Youth Movement and of the American Boy Scouts. As finally developed, it consisted of Hitler Young Folk, of Little Fellows from 10 to 14, of Hitler Youth from 14 to 18 and of the League of German Girls.

Each of the three groups was organized regionally on a semi-military pattern, with local units grouped into larger staffs, companies, districts, regions, and so forth, all coordinated on the leadership principle. There were distinctive uniforms, with banners, music and a great deal of marching. The Hitler Young Folk and Hitler Youth were trained every Saturday in field sports and in Summer went on camping tours, a splendid thing for poor city boys who had hitherto known no playground except the asphalt pavements. There were regular meetings two or three evenings each week at which songs were learned and talks heard on the ideals and achievements of the Germans in general and the Nazis in particular.

After Hitler's rise to power in 1933 the Youth organizations grew rapidly. To the boys and girls the athletics, music, marching and new uniforms were attractive. They felt a certain spirit of adventure and novelty in joining and in being part of the political overturn. The new organization also gave them a sense of self-importance and independence in facing their parents and their teachers.

Eventually, however, criticism and dissension developed. Some of the more earnest and intelligent boys and girls became tired of the Nazi ideology that was being pumped into them. Some felt that constant attendance at Youth meetings seriously interfered with the preparation of their school work. From many parents came criticism: The children of the poorer classes no longer wanted to do house chores but were always running off to

Youth meetings and asking for money to buy uniforms and other paraphernalia; parental authority was suffering. The Roman Catholics and many Protestants had their own youth organizations and complained that the new Hitler groups interfered with them.

Baldur von Schirach and many of the Youth leaders were regarded as being more neo-pagan than Christian in their influence. A certain amount of conflict arose between the parents, the schools and the churches on one side and the Nazi Hitler Youth organizations on the other for the control of the time and education of the rising generation. Strong pressure was exerted by Baldur von Schirach and his lieutenants to make all young people join the Nazi organizations. Though joining was said to be "voluntary," boys and girls were given to understand that they could never hope for appointment to political office or be accepted as apprentices, or even get work during the period of widespread unemployment, unless they joined. In spite of this pressure only a little more than half the boys and girls became members.

This situation apparently explains the announcement of a new and all-comprehensive Reich or State Youth. In the new organization the activities and attractions will still include singing, marching, athletics and indoctrination of Nazi ideas, but there will be a more satisfactory division of time between the claims of family and school and of the Youth organization.

A most important feature of the new plan is that the Hitler Youth boys from 14 to 18 are to produce an élite. From their best members are to be selected the leaders who will train all the boys in the male half of the Reich Youth. Girl leaders will be similarly selected from the League of German Girls to train the other half of the Reich Youth. Training Schools and two Youth Academies are to be established for special instruction in Nazi principles and methods.

Membership in the select Hitler Youth is to be regarded as the necessary training for admission to the Nazi party and for appointment to all government offices. The Nazi party will thus be recruited from only that part of the German youth that has given greatest evidence of ability in leadership and that has been most thoroughly imbued with Nazi ideals. The rest, who have merely passed through the Reich Youth, cannot look forward to membership in the Nazi party or to a share in the political and economic rewards made possible by such membership. This may be an effective way of recruiting the Nazi party, but it is questionable whether it is the best method to attain that complete unity of German spirit and feeling that Hitler has always stated as one of his chief aims.

NAZIS AND CATHOLICS

Negotiations were opened on Jan. 18 between Dr. Hans Kerrl, Reich Minister for Church Affairs, and four Bishops chosen by the Catholic clergy. They sought an agreement on the interpretation of the Concordat signed by Hitler and the Vatican in 1933, especially in regard to the Catholic youth and social organizations and the confessional schools.

Some observers believed that a solution of the youth question might be found in the creation of the new Reich Youth. It was thought that the Catholics might be advised to enter the new organization under Baldur von Schirach, and that the former Catholic Youth would be replaced by diocesan and parochial youth guilds under the direct and exclusive supervision of

Bishops and priests. In that event it was hoped that the Catholic Bishops would object less to the Reich Youth than to the Hitler Youth, since the former would be a State organization while the latter is more a propagandist branch of the Hitler party.

But the negotiators were faced with a difficult task. The Catholic Bishops throughout Germany read from the pulpits on Jan. 26 a pastoral letter drawn up by a meeting of all the Bishops at Fulda. This letter indicated the firm stand that the Catholics had resolved to take against neo-paganism. It strictly forbade Catholics to read any publications or attend any meetings in which Catholic Christianity was attacked or anti-Christian ideas discussed. It recalled in emphatic terms the obligations undertaken by the Nazi government in signing the concordat. It added: "The more certain groups attempt to undermine the conscious faith of adults and children in order to open the way for a new heathen faith, the more courageously must we assume the leadership of our Catholic brethren." Issue was also taken with Dr. Alfred Rosenberg's theory that Christianity has brought degeneracy and slavery to the German people. Germany, the Bishops declared, first became a leading nation when Christianity freed it from "pagan darkness."

Catholicism in Munich seems to have received a severe blow at the hands of the Nazi party on Feb. 2 as the result of a school registration campaign. The law provides that parents may send their children to either confessional or non-confessional schools, both being maintained at the expense of the State. In Munich the Nazi party applied strong economic pressure and enjoyed an enforced monopoly of propaganda methods to make the parents decide in favor of non-confessional schools. Storm Troopers, working in pairs, went from house to house with census blanks, demanding that householders state whether they intended to register their children for secular or confessional schools. They even insisted that parents explain why they did not enter their children for the secular schools as the party spokesmen advised. School registrations for the coming term consequently showed that 65 per cent of the children were entered for the Nazi secular schools and only 35 per cent for the Catholic confessional schools. These figures were precisely the reverse of those for the preceding year.

Cardinal Faulhaber protested against these methods as being contrary to the Concordat. The head of the city schools answered this protest with a radio broadcast, in which he said defiantly: "Article XXIII of the Concordat gives the church specifications for confessional schools, but the Nazi State does not accept the principle of confessional schools any more than the German people accept all the provisions of the Versailles treaty."

GERMAN ECONOMIC CONDITIONS

The shortage in butter, eggs, fat and pork products in certain German cities during the Fall of 1935 was relieved in the early weeks of 1936. The improvement was largely due to the release of foreign exchange to buy foodstuffs abroad, several shiploads of frozen meat being imported from South America. But the expenditure reduced the Reichsbank's gold reserve from about 82,000,000 marks to 76,600,000 marks, leaving a coverage of only 1.99 per cent for the paper currency, the lowest in German history.

A 5 per cent increase on German

railway freight rates became effective on Jan. 20, and was expected to increase the Railway Company's receipts by 100,000,000 marks a year. The company completed the year 1935 with total receipts of 3,575,000,000 marks, or 249,000,000 marks more than the preceding year, while the surplus of receipts over expenditures in 1935 was 155,000,000 marks, as compared with a surplus of 24,000,000 in 1934.

Despite this apparently good showing, the Railway Company needs money to improve its roadbed, replenish rolling stock and make other improvements. Its revenues have suffered seriously from the political pressure for reduced rates for such things as Strength-Through-Joy vacations and round-trip tickets to attend the party congress at Nuremberg and the numerous party exhibitions and meetings in Berlin and elsewhere. For instance, to attend the radio exhibition in Berlin last Summer one could get a third-class round-trip ticket from Freiburg, near the Swiss border, for 17 marks, instead of the regular fare of 72 marks. In 1913 reduced passenger fares comprised only 13 per cent of railway passenger receipts, but in 1935 they comprised 51 per cent; the revenue from reduced freight rates increased from 41 per cent in 1913 to 47 per cent in 1935.

To fill its treasury the Railway Company sought in January to raise a loan of 500,000,000 marks by public subscription, but only about 80 per cent of it was taken up, so that the banks forming the loan consortium had to cover the rest. As the loan was backed by the government, this failure of public subscription was regarded as a financial rebuff to the National Socialist régime and augured ill for the government's future borrowings.

Unemployment rose during December, 1935, by 522,000, as compared with an increase of 250,000 during December, 1934.

The Clash of Spanish Parties

By WILLIAM E. LINGELBACH

THE Spanish Cortes was dissolved on Jan. 7, and national elections were ordered for Feb. 16 and March 1. The new Cortes will assemble on March 16. President Zamora by this bold exercise of his constitutional powers—under which he had previously retained Portella Valladeres as Premier, although the Ministry could not command even a respectable minority in the Cortes—kept the government in the hands of the Moderates.

This action was very significant. The increasing monarchical leanings of the Right groups in the Cortes and the suppression of constitutional liberties under their influence constitute a menace to the republic that would undoubtedly have grown during the election campaign had the President yielded to the demands of the parliamentary majority and appointed Gil Robles, the leader of Catholic Popular Action, to the Premiership.

During January the Cabinet made strenuous efforts to build up a combination of the conservative Republicans and other groups of the Center. A Ministerial declaration of Jan. 21 denounced the violence of the parties

of both the Right and the Left, which, it held, threatened civil war and the downfall of the republic. It invited the great mass of the nation's middle class to join the Center party, promising absolute respect for the rights of the voter in the coming elections. The government also made many new appointments to important provincial and municipal offices, as well as of police and army chiefs friendly to the Premier and to the republic. More important still, it restored constitutional liberties and abolished the press censorship which, according to *El Sol,* had destroyed "the hopes of tolerance * * * that had been the dearest dream in the dawn of the republic." Extremists of both groups were warned through the *Official Gazette* against unlicensed extravagance.

During the four and a half years of its existence the Spanish Republic has had twenty-seven Cabinets and eighty-two Ministers. Budgets have been consistently rejected, the last, that of Chapaparieta, being defeated because of its provisions for new taxes on the well-to-do. For two years after the baffling situation brought about by the elections of 1933, time and opportunity have been largely wasted by the Cortes. Now, just as Gil Robles believed the moment had arrived to take over the government and direct the elections in the interests of his party, President Zamora thwarted his plans and set up a government strongly committed to the republic and more or less neutral between the two extremist parties.

Under the new guarantees the Socialists, who had boycotted the Cortes for months, have entered the political arena, determined to present a united Left front against the Catholic and monarchical parties in the coming elections. By the middle of January the unbelievable had happened. Left Wing Republicans and Socialists had joined hands with Syndicalists and Communists to form a united front (*Frente Popular*). On Jan. 16 they issued an electoral program vigorously advocating the defense of the republic and the fulfillment of the Constitution —land reform, improvement of peasants' conditions, protection of industry, reform in public works management, banking and finance, social legislation, public education and State schools, and the direction of foreign affairs in the spirit of the Covenant of the League of Nations.

The leader of the Popular Front appears to be not ex-Premier Azaña but Largo Caballero, who was recently released from prison after being acquitted of fomenting the October revolt. As the representative of the General Union of Workers he signed the appeal to the General Confederation of Labor to co-operate, following it up with a similar invitation to the independent and anarchist groups. They in turn responded with enthusiasm, and united in an invitation to the Communists. The Communists accepted in a spirited reply, signed by José Diaz, their Secretary-General. Caballero is recognized as an able and powerful leader. The Popular Front will prove a dangerous antagonist to the groups on the Right unless they follow the example of the Left, bury their differences and consolidate their forces.

Gil Robles, the accepted leader of the Right, has been bitter in his attacks not only on the Marxian Left but also on the President and the Ministry. Denouncing the veiled dictatorship of Zamora, Gil Robles asserted that the nation's affairs were being managed from "the luxurious rooms of Madrid hotels by special interests, some at least of very doubtful standing." Unfortunately, strong elements of the Right are determined

reactionaries and monarchists, making it difficult for him to bring them into line with a Republican program.

Calvo Sotelo, former Minister of Finance and leader of the Monarchists' National Bloc, is openly demanding the return of the monarchy. In a speech to a large audience in Madrid he declared that the only solution of the nation's political problem lay in a monarchy, which, however, should not be according to the old style of "intrigue and camarillas," but which should govern Spain in accordance with more honored traditions and concede to the church its rightful place. It is precisely this monarchical trend that worries Gil Robles, since he knows that the mass of the people still adhere to the republic.

In the meantime, Cambo, the leader of the Conservative Lliga Catalona, urged a united front of the Right, insisting that without it the Esquerra party in Catalonia will surely win, despite the fact that the Lliga controls the regional and municipal governments. March will tell whether Spain has really learned the art of democratic self-government.

SPANISH COMMERCE

Benefits from the commercial treaty with France, signed on Dec. 22, began to appear during January. Under the treaty Spain secures 90 per cent of the total French quota for oranges and tangerines, and guarantees for the maintenance of the existing quotas on fish, tomatoes and so forth. In return, concessions were made by way of reduced duties on French champagne, cognac and leaf tobacco. Payment on the frozen credits due France, which amount to approximately $10,000,000, were to be started late in February. On Jan. 7 a payment agreement with Great Britain was also signed, under which better trade relations would be resumed and the $50,000,000 of frozen credits gradually liquidated.

Venizelists Win Greek Elections

By FREDERIC A. OGG

IN the first national election held under the restored Greek monarchy, on Jan. 26, the former dictator, Field Marshal George Kondylis, suffered defeat at the hands of the lately discredited Venizelists. Six days later a heart attack ended his stormy career. Though Kondylis had once insisted that the very word "king" was anathema to the Greek people, a visit to Italy in the Spring of 1935 completely changed his point of view. The elections last June resulted in defeat for the Royalists; yet he planned and executed the military coup of Oct. 10 by which the republic was abolished and the monarchy revived.

Until the return of King George II Kondylis acted as "regent" and he was retained by the new sovereign as Premier. The two, however, could not work together, and on Nov. 30 the king-maker was superseded by Constantine Demerdjis, the present Premier. On leaving office, Kondylis told the King frankly that if the Venizelists were permitted to regain power, he would overthrow the government; the threat was publicly re-

peated on the day preceding the January election.

Curiously enough, the election did not turn, at least directly, on the time-honored question of monarchy versus republic. Within the space of a few weeks, King George had grown so popular, even in Republican circles, that there was practically no demand for any change that would affect his position. On the domestic side the main issue was whether the Venizelists, discredited and banned since the unsuccessful revolt of last March, should be permitted to come back—whether their adherents should be restored to posts in the civil service, their generals reinstated in the army, and their aged but still vigorous leader permitted to return from his Paris exile. On the foreign side, the issue was between the pro-British policy of George II and the pro-Italian policy of Kondylis.

The contest brought into the field seven major and nine minor parties, with a total of 1,668 candidates seeking the 300 seats in the Assembly. The King insisted upon orderliness and honesty. As supervision was transferred from the politically appointed prefects to the national judiciary and constabulary, the polling was undoubtedly freer from abuse than in recent history. It was also on the sovereign's demand that the plan of proportional representation—formerly employed but subsequently abandoned—was brought into play. With scattered seats going to numerous minor parties, the results, viewed in detail, presented a rather confusing picture. Official tabulations of Jan. 30, however, showed that the Venizelists and allied groups had returned 144 members and the anti-Venizelists 141. By winning 15 seats, the Communists made their best showing on record; the Greek group, indeed, is the only officially recognized Communist party in Southeastern Europe.

In accordance with a promise made in advance, Premier Demerdjis resigned on Jan. 29 so that the King might have a free hand in forming a new Cabinet representing all parties. But when the Venizelist Themistocles Sophoulis was invited to form a government, insuperable obstacles were raised by Field Marshal Kondylis, and in twenty-four hours the plan was shifted in the direction of a purely Venizelist Cabinet.

Then came the sudden and wholly unexpected death on Jan. 31 of Kondylis—the country's foremost soldier and boldest politician. Thus disappeared Venizelos's bitterest foe and the only prominent Balkan statesman openly supporting Premier Mussolini. Already, the supporters of Kondylis were falling away, and it was fair to assume that, given time, the opposition to Venizelism would weaken materially. The Military League, composed of Kondylist officers, endeavored to carry on, and by its intransigent attitude—especially its opposition to any restoration of the Venizelist generals to their former posts in the army—blocked all efforts to work out a plan for a new Ministry.

GRECO-TURKISH RELATIONS

For some time past, Greek relations with Turkey have been on an excellent footing, and discussions between Premier Demerdjis and the Turkish Minister at Athens during January brought full assurance that Greece would support Turkey under the mutual defense pact of 1933 and the Balkan pact of 1934. One matter has arisen, however, on which the two nations can hardly be expected to see eye to eye—the disposition of the Dodecanese Islands in the event that war should break out in the Mediter-

ranean and Italy should be divested of them.

Early in October, the Ankara Government gave Great Britain oral assurance that Turkey would provide military assistance against Italy if it were understood that the latter power was to be deprived of six of the islands that lie within rowing distance of the Turkish shore (including Leros, which the Italians term the Heligoland of the Aegean, but not including Rhodes). In the absence of any demand that the islands in question be given to Turkey, and in view of their Hellenic population and culture, Greece supposed that they would be disarmed and then given to her.

Shortly before King George's restoration in Greece, Great Britain was reported to have made a supplementary proposal—that in the event of successful military operations of Britain, Greece and Turkey against Italy, Turkey should have the six islands nearest the Asiatic shore and Greece should have the others. The arrangement appeared to be acceptable to both interested parties. In recent weeks, however, a vigorous debate has been in progress between the newspapers of the two countries—especially the Greek *Estia* and the Turkish *Zama*—as to which nation has the better right to the islands, taken as a group. So long as war can be averted, the question is purely academic, but the younger generation of Kemalist officers is reported to be eager to wipe out the disgrace suffered when the islands were lost to Italy in 1912.

POLAND AND HER NEIGHBORS

Foreign Minister Beck, in his annual review of Polish foreign relations and policy before the Foreign Affairs Committee of the Sejm, described his country's attitude toward the Italo-Ethiopian conflict as "absolutely impartial and disinterested." Poland's participation in sanctions, he said, arises only from "the duty of cooperation with other countries." "We do not pass judgment," he declared, "on the covenant or on its possible revision, but as long as it is recognized by a great number of countries, it binds us equally with others. We cannot contribute to the weakening of this instrument of international cooperation. This is the decisive feature of Poland's activities in Geneva." Yet to the surprise of League authorities, the Warsaw government on Feb. 2 refused to send representatives to a meeting at Geneva for the discussion of a possible oil embargo. The reason assigned, it was understood, was that, although an oil-producing country, Poland exports none of the commodity to Italy.

Recalling the rôle played by Poland in bringing about the non-aggression pacts between the Soviet Union and its Western neighbors, Colonel Beck declared that Poland was the first to apply the principle of establishing peaceful relations between the Soviets and nations with a different social structure. World opinion, it was asserted, considered Poland's agreement with Germany "one of the most outstanding international events promoting peaceful relations between the countries of post-war Europe." But even so roseate a declaration could not obscure the tension between the two counties that has arisen from protests by the Polish minority in Germany against alleged suppression of its national, cultural and religious rights. The end of January brought friction also over Germany's failure to meet indebtedness incurred through the use of certain Polish railways.

In the case of two of Poland's neighbors—Lithuania and Czechoslovakia—Foreign Minister Beck spoke with less optimism. On the day before

his speech was delivered a Warsaw court imposed heavy sentences upon twelve Ukrainians charged with complicity in the assassination of General Bronislaw Pieracki, the Polish Minister of the Interior, in June, 1934, and in doing so declared it proved beyond a doubt that the Ukrainian nationalist organizations had been in the pay of the Lithuanian Government. More trials are to follow, including that of Roman Myhal and seventeen accomplices for the assassination of a Ukrainian fellow-conspirator whom the Ukrainian nationalists suspected of being a secret police agent. A painful impression, declared M. Beck, had been left by the trials already held. "Should I," he added, "after a detailed examination of the cases, ascertain that the Lithuanian Government still continues to take part in financing terrorist activities in Poland, as was done by a former member of the Lithuanian Government, Poland shall have to recognize in Lithuania an element dangerous to peace."

Polish public opinion, declared M. Beck, has for some time past been greatly alarmed by the maltreatment of Polish residents in Czechoslovakia. Calling attention to earlier correspondence with Prague in which the point had been pressed that the treatment of Poles in Czechoslovakia would decide the tone of the two countries' relations, he appealed afresh to the Czechoslovak authorities to see that the rights of Polish minorities were respected.

NAZIS IN DANZIG

At a League of Nations Council Session concluded on Jan. 24 substantial progress was made toward clearing up an unusually troublesome situation in Danzig. Since the capture of the Free City's Senate by the local Nazi party, many things have happened that incurred vigorous disapproval at Geneva. A new penal code sanctioned imprisonment of persons accused of violating no law; non-Nazi officials and civil servants were dismissed without financial provision being made for them; a decree on associations discriminated boldly in favor of Nazi organizations; newspapers were suspended, with appeal, not to the regular courts but to the Nazi-controlled Senate. In short, the democratic constitution of the little republic was violated right and left.

The upshot of the League's protest, voiced through the High Commissioner, Sean Lester, and in the discussions of the Council itself, was a complete surrender by the Danzig Nazi authorities, who solemnly agreed to respect the letter and the spirit of the constitution. A main factor in bringing about so thorough a reversal is believed to have been a threat by the Council to annul as illegal the elections under which the Nazis captured control. Manifestly disappointed by the Opposition's gaining 43 per cent of the votes in the last elections, the party leaders were apparently afraid that another test would yield even less favorable results.

A statement by Anthony Eden, British Foreign Secretary, indicated significantly that in the future the Council might "count more particularly on the assistance of Poland, which has special interests in the Free City." The opinion was general that the Danzig Senate's defiance of the League had reached its present proportions only because of Warsaw's lukewarm attitude, and from this it was deduced that the future effectiveness of the Senate's promises would depend largely upon whether the stiffer Polish attitude predicted by Mr. Eden should become a reality.

Social Security in Finland

By RALPH THOMPSON

THE recommendations of the committee appointed by the Finnish Government last year to investigate the question of compulsory old-age and health insurance have now been made public. It is proposed that all able-bodied wage-earners over 18 years of age contribute 3 per cent of their annual earnings to an insurance fund, the maximum and minimum premiums being fixed at 1,000 and 100 marks (the finmark is currently 2.2 cents). Employers would pay a sum equal to 25 per cent of the workers' premiums, and the State and the communes would likewise contribute.

The aggregate annual insurance assessment would reach almost 1,000,000,000 marks—much more than the 600,000,000 marks, accumulated by the government during the past ten or fifteen years, upon which Finland's present old-age and health scheme is based. Under the plan now being considered it is intended that incapacitated workers and all over 65 years of age should receive between 3,600 and 4,800 marks a year, varying in accordance with cost of living in the different districts.

Finnish finances seem to be in a sufficiently prosperous condition for the introduction of social insurance on a large scale. The national debt, which had risen nearly 1,000,000,000 marks between 1927 and 1933, was reduced during 1934 and 1935 by fully one-third of that sum. The budget for 1936, passed by the Diet on Dec. 21, involved expenditures only 3,400,000 marks above those of the preceding year, and was balanced with a nominal surplus of almost the same amount. Figures of Finland's foreign trade, moreover, have been encouraging. The total value of imports during 1935 was the highest since the depression began, and that of exports, while somewhat below the record of 1934, showed that ground gained during the past few years is not likely to be quickly lost.

SCANDINAVIAN FINANCES

A cheerful outlook pervaded Norway, Sweden and Denmark as the new year began, for 1935 had seen in many respects a marked improvement in internal conditions. But the war against the depression was not yet over. Norway's new budget was expected to force an increase of about $4,500,000 in the national debt in order to provide, together with income from other emergency sources, further means for raising public purchasing power. Appropriations for the army and navy were expected to be little larger than those of the current fiscal year.

In Sweden, defense expenditures were due to rise, for as King Gustaf declared in his speech from the throne when the new Riksdag convened on Jan. 11, the government intended to submit proposals for a thoroughgoing reorganization and strengthening of the nation's armed forces. The 1936-37 budget estimates, announced the following day, however, made no reference to extraordinary outlays for defense, and it was believed that a special bill would be submitted later in the session. Income-tax rates were cut 12 per cent, and the country was

assured that all borrowings on account of non-productive crisis expenditure would be repaid. The total indebtedness on this score was about $55,000,000. Of this, $25,000,000 has already been redeemed by special appropriations, and the remainder will be met by the government's drawing upon cash reserves, the fund derived from special taxes on large incomes and certain other sources.

The Danish method of financing the anti-depression fight was revealed on Jan. 9 when Finance Minister Hansen introduced new tax bills calculated to raise between $3,000,000 and $4,000,000. Every income over 100,000 kroner (about $22,000) must contribute on a progressive scale to a forced loan which, though ostensibly a tax, is to be acknowledged with interest-bearing State bonds. An increased levy upon incomes of over 10,000 kroner was also decreed, together with one on "surplus incomes"—that is, on those artificially raised by the government's currency-control measures.

FASCIST PUTSCH IN ESTONIA

Something further has been heard of the coup d'état attempted in Estonia early in December. Suspects rounded up by the government are said to number 700, and include C. R. Pusta, former Estonian Minister to France, who was recalled from his new post as Minister to Norway, Sweden and Denmark and arrested as soon as he arrived in Tallinn. Arthur Sirk, reputed leader of the Fascist plotters, was, however, not caught; he is believed to have left his refuge in Finland and set up permanent residence in Sweden. If this is true, the Finnish Government will be greatly relieved, for the fact that Estonian and Finnish Fascists had used Finland as a base for their plotting was a source of considerable embarrassment. To prevent further disturbances of the kind, the Finnish Cabinet early in January temporarily dissolved a Fascist Youth society and arrested numerous citizens of Fascist tendencies.

Russia's Armed Might

By EDGAR S. FURNISS

THE Red Army, with its 1,300,000 men, has been transformed in a few years from a skeleton organization to the world's most powerful war machine. Its man power has been increased, its equipment modernized and its organization reconstructed.

Five years ago the Red Army was a loose structure of separate territorial units, 76 per cent of its effectives being trained and permanently located in their home districts. Now it is a truly national force with 80 per cent of its man power concentrated at strategic points under unified command. The change represents an adjustment to external danger; it reflects the growth of a nationalistic outlook that once was foreign to the Bolshevist régime.

When patriotism and loyalty to the fatherland were condemned as vicious bourgeois superstitions, the Red Army was a weapon of dictatorship for the suppression of class enemies within the Soviet Union. Today it has become a national war machine to be used against foreign enemies, while

the government has stimulated a popular sense of national unity that finds expression in a new and intense patriotism. These developments have gone hand in hand; both must be taken into account in any appraisal of the Soviet Union's fighting strength.

The military expenditures proposed in the 1936 budget of the Soviet Union are therefore of particular significance. For some time the actual cost of the Soviet war machine has far outrun the budget appropriation. In 1934, for example, it was nearly double; in 1935 the budget item exceeded the actual expenditure of the year before, but again military costs were greater than the official forecast—by 1,500,000,000 rubles. For 1936 the budget approved by the Central Executive Committee provides 14,800,000,000 rubles for the military establishment, an amount more than double the official appropriations for 1935 and an 80 per cent increase over what was actually spent.

If the ruble is given the dollar value set by the recent government decree—five rubles to the dollar—this enormous sum is the equivalent of $2,960,000,000. At even a valuation based on the domestic purchasing power of the ruble, the Soviet military appropriation for 1936 remains the largest of all modern nations on a peace footing. It is noteworthy, too, that the estimate excludes expenditures for civilian military training, an important part of the total Soviet war strength. Experience of recent years indicates that the budget item is only a minimum estimate which the Soviet authorities will disregard if they decide that additional military expenditure is necessary.

The plans for further military expansion include several different lines of development. Whether the standing army is to be increased in numerical strength is not stated. The figure already mentioned—1,300,000 men—was announced as the present manpower of the Red Army by Marshal Tukhachevsky in his speech before the Central Executive Committee on Jan. 15; it contrasts with the figure of 950,000 in previous official announcements. But even if the total number is to remain unchanged the effective man power will be increased by an alternation of service that will keep the full strength of the army available at all times. Formerly the individual soldier's active duty was interrupted by long periods of work on the farms or in the factories.

Part of the increased appropriation will go to increase the army's mobility; another and larger part for mechanized instruments of war, such as tanks, artillery, submarines; and particularly for an increase of aircraft, in which the Soviet Union is determined to surpass its potential enemies before 1936 is out. Some of the money will be spent for better living conditions among the soldiers. Already a member of the Red Army holds a privileged position. His pay was substantially increased in 1935, and Marshal Tukhachevsky has announced a further increase of 57 per cent during the coming year. His food supply has been assured in the past, in contrast with that of many people in Russia, and it is now proposed to add items to his diet that large groups of citizens would regard as luxuries. The government also intends to modernize the army's living quarters so that in this regard, too, the soldier's lot will contrast with that of the ordinary private citizen.

SOVIET WAR FEARS

The immediate and obvious reason for this intense activity in military

preparedness is the increased tension on the Soviet Union's eastern and western frontiers. Both Japan and Germany have been accused repeatedly by the Soviet press of hostile designs, and spokesmen for the government at the Congress of the Central Executive Committee in January elaborated this theme as the reason for the Soviet military program. Japan's expansionist aims in Asia were analyzed in detail, and Germany's intentions were suggested by allusions to her rapid military preparations, her rulers' statements of policy and her recent negotiations with Russia's Baltic neighbors. Moreover, the Soviet officials declare they have definite proof of a military alliance between these two powers looking toward joint attack on the Union.

These cries of alarm have been heard many times in the past, but the important thing is that the Soviet Government firmly believes that the danger of war is now greater than ever before and is basing national policy on this conviction. The evidence of increasing danger is not lacking. In the Far East the Soviet attempts to establish a general security pact and to set up a mixed commission to settle border disputes have proved fruitless, and armed clashes are occurring with increasing frequency on the Mongolian frontier and on the border between Manchukuo and the Maritime Province.

Soviet strategists have long shared with other military experts the conviction that Japan must eventually attempt to take possession of Vladivostok and the Maritime Province in order to secure the approaches to her mainland empire. The danger in Mongolia, however, is more recent. The occupation of this area by Japanese and Manchukuoan troops, as Japanese spokesmen recently threatened, would put a hostile force within striking distance of a long section of the Trans-siberian Railway. In addition to these positive signs of danger Marshal Tukhachevsky pointed out that the 745 miles of railroad built by Japan in Manchukuo last year all lead to strategic points on the frontier.

The European scene, as viewed through Soviet eyes, is dominated by the expansionist designs of Germany and Poland on the Ukraine and the Baltic. No recent action of these powers has increased the danger of war, unless that interpretation can be attached to Germany's feverish preparedness campaign and to the continued refusal of both nations to accept Russia's offer of a security pact. But the Soviet Government has discovered new evidence of danger in the attitude of Finland. Marshal Tukhachevsky has accused that country of having joined the German conspiracy against Russia and has pointed out that Finland's recently constructed naval bases and airdromes far exceed any need of her own.

This distrust of Finland is disclosed in Russia's treatment of the Karelian Republic, an area of the Soviet Union which, largely Finnish in population, was promised cultural autonomy under the Finno-Soviet peace treaty. Edward Gylling, the Karelian Premier, was recently deposed by Stalin for pro-Finnish leanings and ordered deported to the Solovetsky Island prison camp in the White Sea. On Jan. 4 it was reported that he had been killed by his guards during the journey. This is only one episode in a thoroughgoing purge of all Finnish elements in the Karelian Government.

The Soviet military program for 1936 may be explained as a response to these immediate fears. But it also is a sign of a general shifting of international policy that reflects disil-

lusionment with the League of Nations. For several years the Soviet Union has been attempting to stabilize its own international position by utilizing the collective security formula. The Union joined the League for this purpose. The Soviets have tried to cover the areas of greatest danger with collective non-aggression agreements; and when the most essential of these agreements—in the Far East and in Eastern Europe—came to nothing they formed a series of bilateral pacts with every neighbor willing to enter bonds of friendship.

Of critical importance in this program was the Franco-Russian pact of mutual assistance which was initialed just a year ago by Litvinov and Laval. But the French Parliament has, at this writing, not yet ratified the treaty and, even if it should be ratified, the Soviet authorities have begun to look with skepticism upon the provision that the terms of the pact shall be applied "within the framework of the League." Russia's experience in the League during the past year has forcibly suggested that the formula of collective security may in practice mean anything or nothing.

The Soviets, for example, found Great Britain an aggressive proponent of collective action against Italy and promptly threw their weight behind Britain's program of sanctions, only to be taken unawares by the Laval-Hoare agreement which appeared to surrender the principle at issue. The Russians, therefore, have fallen back on an isolationist plan. *Pravda* stated the Soviet position in an editorial on Jan. 12 when it said: "The temporary abandonment of collective security has led the Soviet Union to the definite conclusion: 'If you want peace, you must be prepared to defend yourself.'" At the beginning of February Litvinov and Tukhachevsky were in London talking things over with the British Cabinet, and it was thought possible that the conference would do something to alter the Soviet outlook, but for the time being it is clear that Russia is not relying upon the League and has thrown herself definitely into the race of competitive armament.

A COMMUNIST BUDGET

The military items in the Soviet budget for 1936 have overshadowed other details of the program worth noting. The budget as a whole is a revealing picture of Socialist economy. Its enormous total of 78,500,000,000 rubles—$17,500,000,000 at the official valuation of the ruble—staggers the imagination of those whose experience is limited to the practices of other governments. But the figures, of course, are not comparable.

The Soviet budget includes the entire national income, with the exception of what is allowed to go directly to the workers who are in agricultural activities not embraced by the State farms. Public revenue in Russia includes the entire product of organized industry, the profits of trade and a major part of the produce of agriculture. Only a relatively trifling amount is raised by taxation or borrowing. Public expenditure covers the wage incomes of all laborers and most other money incomes as well. The appropriations for expenditure, therefore, reveal the government's plans for the immediate and future welfare of all the people and indicate the direction to be taken by the productive energies of the country.

It is impossible here to do more than point out certain of the more salient features of the financial plan. In the first place, direct military expenditures will absorb nearly one-fifth of the national income, while

additional large items of expenditure in heavy industry and transportation are really supplementary to the military program. Thus war fears will directly affect the standard of living, for this type of centralized accounting shows clearly that what the nation spends on war reduces what could be used to improve living conditions within the nation.

The Russian people will also be called upon again to make heavy sacrifices for the sake of the industrialization program. The budget sets aside 28,700,000,000 rubles for new capital construction. Part of this sum, invested in the light industries, will contribute to the consumable income of the country, but much of it will be absorbed in the basic industries. The budget also contains a definite commitment against further inflation.

The year 1936 was to have been devoted to an improvement of living standards among the common people, but the military program and the continued expansion of heavy industry will retard progress in this direction. Yet this phase of the plan has not been abandoned. The program calls for an increase of 20 per cent in heavy industry as compared with 1935, 29 per cent in light industry, and 22 per cent in the output of food. Provision is also made to increase wage incomes by 7,000,000,000 rubles. Increased productivity in the industries providing consumable goods is expected to result primarily from the Stakhanov movement—an efficiency program whose object is to reduce labor costs. It is also planned to cease exporting consumers' goods and to lift the ban on the importation of some types of these goods, a change made possible by Russia's improved international economic relations.

Egypt Demands Independence

By ROBERT L. BAKER

DESPITE a change of Cabinets and a number of student riots, Egypt was quieter during January than for several months past. Beneath the surface, however, there were signs of trouble at no distant date. Elections, which in Egypt are always accompanied by more or less violence, have been scheduled for May 2, and all parties are preparing for the fray. As election day draws near the unreality of the United Front will undoubtedly be exposed.

Meanwhile, in the immediate future lies the question of an Anglo-Egyptian treaty, which is to settle permanently the problem of Great Britain's status in Egypt and the Sudan. Egyptians of all parties are bent on securing a treaty, but they also desire real independence and are disinclined to compromise. British interests are now such that no treaty is possible unless Egypt accepts a number of restrictions on her independence. If the forthcoming negotiations should fail, a renewal of anti-British agitation and violence seems inevitable.

The United Front, composed of the leaders of all the Egyptian parties, still functions after a fashion. But it is a fragile device. Egyptian politicians, who regard compromise as a confession of weakness and incom-

petence, are unaccustomed to inter-party cooperation, and no one expects the truce to survive much longer. All that now holds the Front together is Great Britain's insistence that Egypt shall be represented by delegates from all parties in the coming treaty negotiations. The Wafd, or Nationalist party, which represents an overwhelming majority in the country, has agreed, for the time being at any rate, to share with the leaders of the minority parties the honor of dealing with Great Britain.

The treaty question, which has hung fire since 1924, thus appears to be off to a good beginning. But that is all. On Dec. 14, soon after the United Front demanded the resurrection of the moribund Henderson-Nahas treaty of 1930, Anthony Eden declared that the British Government was willing to resume negotiations but that he required time in which to study the problem in the light of changed conditions.

On Jan. 20 the British answer was given verbally by Sir Miles Lampson, the High Commissioner, to King Fuad, Premier Nessim Pasha and Nahas Pasha, leader of the Wafd. It stressed the necessity of preliminary negotiations in regard to military affairs and the status of the Sudan, the points on which the 1930 parley was wrecked. In the British view, formal treaty negotiations will be futile until these matters are settled. The High Commissioner added that if the preliminary negotiations broke down then Great Britain would have to reconsider her relations with Egypt afresh. This was regarded as a threat in Nationalist circles, although the British Residency denied that it was intended as such.

King Fuad at once attempted to secure a coalition Cabinet that could undertake the preliminary negotiations. Nessim Pasha, whose task of restoring the 1923 Constitution and arranging new elections had been completed, resigned at the King's request on Jan. 22. Fuad then asked Nahas Pasha to form a Cabinet that would include representatives of the minority parties, but the Wafdist leader refused, declaring that his party did not believe in coalition governments.

For a week the country was without Premier or Cabinet, but on Jan. 30 a new Ministry was finally formed by Aly Maher Pasha, Chief of the Royal Cabinet. It was not, however, the coalition desired by Great Britain, being composed entirely of non-party men.

It now became necessary to appoint an official delegation for the sole purpose of negotiating with Great Britain. Six Wafdists and five representatives of the other parties were named. Among them are the chief political figures in Egypt. Former Premier Nahas Pasha and Makram Ibeid head the Wafdist group, while former Premier Sidky Pasha will represent the Shaab, or People's party, and former Premier Mahmud Pasha will represent the Liberal Constitutionalists. The delegates have agreed to devote themselves entirely to the treaty negotiations and will not contest each other's constituencies in the coming election.

The prospects for a treaty are obviously affected by the change in the Mediterranean situation that has taken place since 1930. Great Britain, for instance, will probably insist upon an extension of the military provisions of the 1930 draft. Since then, too, British interests in the Sudan have grown rapidly, and British reservations may well be even more exacting than those of Mr. Henderson, which the Egyptians refused to accept. It is hard to believe that the

Wafd delegates will formally agree to even the minimum British requirements. After all, the treaty is to settle permanently the terms of the British occupation, and complete independence has always been the party's chief aim.

THE SYRIAN UPRISING

For many months the peace of Syria has been disturbed only by an occasional short-lived nationalist strike in protest against French economic policy. More recently, however, the success of anti-British agitation in Egypt has encouraged a revival of the Syrian campaign for independence. To nip this trouble in the bud the French authorities dissolved the new Syrian Nationalist party and arrested thirty-nine of its leaders. The only charge against the party was that it had not registered as required by law, and that its existence thereby endangered public security.

The effect of this show of firmness was the opposite of what the officials had hoped. Resentment rose to a high pitch; shops in the cities were closed; university students left their classrooms, and the police had difficulty in breaking up mass meetings demanding independence. Violent street fighting, in which the military fired on the rioters, occurred in Damascus on Jan. 21, 23 and 27 and at Aleppo on Jan. 25. A dozen persons were known to have been killed and several score injured, while hundreds of demonstrators were jailed.

Casualties are always numerous in Syrian riots because the demonstrators are usually better armed than those in Palestine and Egypt, and because the fury of the Syrian mob, unmatched in the Near East, takes little account of the odds against it. During the Damascus disorders, for example, the rioters hurled themselves at fully armed regular troops. The authorities, therefore, can scarcely depend on the birdshot, ink and truncheons employed against the students in Egypt.

Far Eastern War Threats

By GROVER CLARK

ONCE more relations between Japan and the Soviet Union have been severely strained by a series of border incidents. This time the Russians have hit and talked back, and the latest reports indicate that the Japanese Government has decided to word further protests more mildly.

The recent troubles, which have occurred on the Mongolian as well as the Siberian borders of Manchukuo, have been more serious than any for some time. On both sides they have involved more soldiers and resulted in more killings. In all this it is surprising, not that the incidents have occurred, nor that the Russian and Japanese Governments have made formal protests, but that the consequences have not been more alarming.

The uncertainty regarding the border between Outer Mongolia and Manchukuo has given both the puppet Mongolian and Manchukuoan officials and their Russian and Japanese backers the excuse for asserting that troops have gone where they had no right to be. This is an old cause of

friction, and from time to time the suggestion has been made that a commission be appointed to delimit the boundaries. But so far nothing has been done.

The Russians and Mongolians claim that Japan, ever since she occupied Manchuria, has been pushing the Manchukuoan border far into what is properly Mongolian territory. The Japanese and Manchukuoan rejoinder is that all they have been doing is to put their border patrols and markers where they belong, thereby restoring to Manchukuo territory on which Mongolians encroached in earlier years. But the fact remains that the border as defined by the Japanese, in stationing their troops and in drawing their maps, is further west than when Manchuria was under Chinese control.

A year ago a series of clashes occurred in the disputed territory. This led to the initiation of conferences at Manchuli between representatives of the Outer Mongolian Republic and Manchukuo, with Russian and Japanese "assistants" taking part. The Japanese-Manchukuoan delegates demanded that Manchukuo be given the right to establish a legation at Ulan Bator or Urga, the Mongolian capital, or, failing that, to station semi-diplomatic, semi-military representatives there and at other important Mongolian centres. They offered to make the diplomatic, but not the military, arrangements reciprocal. The Russian-Mongolian delegates rejected the offer on the ground that such representatives would be nothing but spies and advance agents for Japanese penetration. Behind this refusal were both fear of Japanese expansion into Mongolia and Russian unwillingness to give Manchukuo the formal recognition that acceptance of such representatives would imply.

The Japanese at the conferences became more and more insistent. Finally, according to the Mongolians, one of them definitely threatened that if the Japanese-Manchukuoan demands were not accepted military force would be used. Last September the Mongolians, in the face of this threat, refused to negotiate further.

For three months the border remained quiet. Then, on Dec. 19 the first of the new clashes occurred. The Mongolian Government, in a prompt and vigorous protest, stated that 300 Japanese and Manchukuoan soldiers, in trucks and with machine guns, had penetrated five miles into Mongolian territory and attacked the Mongolian guards, killing four, including the assistant commander.

More fighting occurred along the border in the latter part of January, with each side blaming the other. The Japanese reported that Mongolian troops were being concentrated near the border. The Manchukuoan Government demanded their immediate and complete withdrawal and declared that the Mongolian Government would be responsible for any consequences of a failure to meet this demand.

Meanwhile, there had been trouble along the Siberian frontier. On Jan. 10 a Japanese army airplane landed twenty-two miles inside Russian territory. One of the two Japanese officers aboard, according to the first accounts from Moscow, tried to kidnap a passing peasant in order to get information. The peasant seized the officer's sword, wounded him with it, put him in a cart and drove to the nearest town. On the way he met some Russian patrols whom he told about the plane. The patrols captured the plane and the other officer, after some shooting in which he was wounded. Two weeks later, after a formal Japanese explanation that the men had been forced to land by "un-

avoidable circumstances," the two officers were released.

Moscow, late in January, formally protested to Japan against an invasion of Siberian territory by more than 100 Japanese and Manchukuoan troops. This body had attacked twice, the protest declared, and each time had been driven back by severe hand-to-hand fighting. The trouble occurred about 250 miles west of Vladivostock, in the same region where 109 Manchukuoan soldiers, after killing their four Japanese officers, had deserted to the Russians a few days earlier.

The next move was a strongly worded statement by the Soviet Government on Feb. 3, giving the lie direct to Japanese explanations of what had happened on this and other occasions. Japanese army accounts had said that the mutiny and the desertion of a considerable number of Manchukuoans who had crossed the border were instigated by Soviet agents, and that the raid on Jan. 30 was simply an encounter between the mutineers and the punitive expedition sent after them. No excuse seems to have been given, however, for the forcible entry of Japanese-Manchukuoan troops into Russian territory. These explanations, the Russian statement declared, are "lies intended to conceal the true nature of the Manchukuoan mutiny and to disguise provocative attacks by Japanese-Manchukuoan troops on Soviet territory."

This whole series of incidents has shown that the Russians are taking a much firmer attitude than they have been through most of the past two years. A similar determination appeared in the statements of the Assistant Commissar for Defense and others at the Congress of the Central Executive Committee in Moscow. The Assistant Commissar, in a ringing speech, declared that Germany was a rapidly growing menace on one side and Japan on the other. Leading Soviet newspapers followed up this line. "The enemies who hoped they would be able to catch us unawares," said *Pravda,* "will be disappointed."

Faced with this blunt defiance and with the vigorous note of Feb. 3, the Japanese Ministers of Foreign Affairs, War and the Navy decided that future protests to Russia regarding border affairs should be put in less provocative terms. They felt, according to Tokyo reports, that any further difficulties might produce extremely serious consequences.

CHINA AND JAPAN

Foreign Minister Hirota informed the Diet on Jan. 21 that the Japanese Government had formulated a three-point program which must be adopted to put the relations between Japan, China and Manchukuo "upon a normal footing so as to strengthen the foundations of the peace of East Asia." This statement is significant, not because it adds anything to what the Japanese military clearly have been aiming at for many months, but because it is an open and formal acknowledgment by the Foreign Office of what Japan has demanded and will continue to demand.

The three points are: Chinese cooperation with Japan, recognition of Manchukuo by China and the elimination of the "Red menace" in China. China is to be required to do what Japan says, in Japan's way. When China has submitted completely, then the relations of the countries will be on a "normal footing" and the "foundations of the peace of East Asia" will be "strengthened."

On the Margin of History

Goering's Fiesta

General Hermann Goering, German Minister of Aviation and Premier of Prussia, was 43 years old on Jan. 11. So he had a party at the State Opera House, and put on the full dress uniform of the air force for the occasion. Hitler and Goebbels did not attend, but nearly every one else of importance did, although the tickets were $20 apiece and champagne cost $5 a bottle. The former Crown Prince was on hand; so was his brother, Prince August Wilhelm—in the uniform of a Storm Trooper. Ex-King Ferdinand of Bulgaria was seen in a box "beating time with his white-gloved hands to the Strauss waltzes." Princess Mafalda of Italy and her husband, Prince Philip of Hesse, shared a box with General Goering and his wife. The diplomatic corps were out in force. To quote one account: "It was Berlin's grandest party since the Kaiser went away. * * * Bowers of Spring flowers were everywhere, fountains played in the corners, miles of satins and silver velvets garlanded the roof, walls and balconies. Two dozen footmen in red liveries bearing lanterns on poles lined the entrances. Ballet girls danced."

"William Ebor"

Medieval ways that have survived in England sometimes lead to curious misunderstandings. Recently a circular letter signed by a group of prominent Britons was received in America. One of the signatures in the list given to the press read "William Ebor." Who, indeed, was this Mr. Ebor figuring in such distinguished company? The answer is that "William Ebor" is the official signature of no less a person than the Most Rev. and Right Hon. William Temple, Lord Archbishop of York. Custom prescribes that this dignitary sign himself with his first name and the abbreviated form of *Eboracum*, the Latin name for York. Similarly, the present Archbishop of Canterbury, Cosmo Gordon Lang, signs himself "Cosmo Cantuar."

Housing the Nation's Records

Although a site in Washington for a Hall of Records was purchased in 1904, actual construction did not begin until 1932. The National Archives Building, as it is now called, has been completed at a cost of $12,000,000 and is soon to receive about 1,000,000,000 documents from the government's vast accumulation. The problems of selection, transfer and filing are enormous. Investigators for the National Archives Council, which is to make the final selection, have found that Federal records are at present kept in 120 different depositories, ranging from the White House stables to the State Department cellars, and that more than 250 different filing systems are in use.

Wickersham's Service

How completely the pre-war political leaders of America are gone is shown best, perhaps, by a study of the Cabinet of William Howard Taft. In the course of his four years as President (1909-1913) eleven men at one time or another sat with him at Cabinet meetings. Only two are now living—Charles Nagel, former Secretary of Commerce, and Henry L. Stimson, Secretary of War under Mr. Taft and Secretary of State under Mr. Hoover. Until Jan. 25 there were three survivors, but on that day George W. Wickersham, former Attorney General, died suddenly in New York City. The public had long since forgotten Mr. Wickersham's services in the Taft Cabinet, but they retained vivid recollection of his work as chairman of the commission appointed by President Hoover to study crime and law enforcement. The storm that broke over its findings on

prohibition was summed up by Will Rogers in 1931 when he said: "I was down in Texas last week and they are feeding goats the Wickersham report." But dislike for the report did not weaken admiration for Mr. Wickersham's abilities, and until the end he stood out as one of the grand old men of the American bar.

"Retire at Birth Plan"

From England, of all places, comes a suggestion for improving on the Townsend plan. Instead of paying all persons over 60 a pension of $200 a month, or $2,400 a year, the government would under this scheme give each new-born child a twenty-year 3-per-cent note for $20,000. The major advantage would be an annual cost per beneficiary of only $1,600—$600 for interest and $1,000 for sinking fund. Another advantage would be that the child's parents could spend the interest until the note matured. When at 20 years of age or thereabouts the child married, he or she would have $20,000 capital—and the partner in the marriage would have a like amount. With $40,000 per family, say the proponents of this "Retire at Birth Plan," neither husband nor wife would need to work at all, and the arrival of each child to the happy couple would increase the domestic income by $50 per month.

Jubilees in India

Not to be outdone by King George's Silver Jubilee celebrations last year, two great Indian Princes held commemorative festivities of their own early in 1936. The first was the Diamond Jubilee of the Maharaja Gaekwar of Baroda, who during the sixty years of his reign has, despite his absolute autocratic power, transformed Baroda into one of the most enlightened and progressive of Indian States. Then came the Silver Jubilee of His Exalted Highness Sir Mir Usman Ali Khan, Faithful Ally of the British Government (to cite only part of his title), who succeeded as Nizam of Hyderabad in 1911. As head of perhaps the most important Indian State and as one of the richest men in the world, he too has instituted remarkable reforms among his people. Both potentates are now regarded with a particularly fond eye by Great Britain because they have virtually accepted the Federal India scheme recently authorized by Parliament.

Trujillo City

Dictators have turned queer tricks in Latin America, but it remained for General Rafael Leonidas Trujillo Molina, the dictator of the Dominican Republic, to name a capital city after himself. Santo Domingo, the oldest settlement of white men in the Western Hemisphere, and known by that name since its founding in 1496, is now to be called Ciudad Trujillo—Trujillo City. The bones of Christopher Columbus, which all faithful Dominicans know to rest in their venerable cathedral, must be restless.

Boom in Chilean Nitrate

Until recently not more than one or two ships laden with Chilean nitrate, a basic material in the manufacture of munitions, passed through the Panama Canal each month. By last November, however, ships bearing thousands of tons of nitrate passed through the canal almost daily. In December the traffic was double the tonnage for November. So great has the trade become that tramp steamers have been chartered to supplement the regular carriers. Apart from shipments to the United States, most of which are destined for the fertilizer factories, it is not easy to discover the destination of a nitrate ship. It is invariably bound for the Azores "for orders."

Medicine by Contract

Socialized medicine may not be making much progress in America, but in many parts of the country contract medicine has made its appearance. In Tacoma, Wash., for example, there are three organizations that provide medical care on contract to 25,000 persons out of the city's population of 106,000. The average cost is $1.50 a month. The largest of these has 10,000 patients on

its rolls. It reduces costs by maintaining its own hospital, pharmacy, commissary, clinic and truck garden. Contracts are normally made by patients through their employers, but chattel mortgages are demanded of poor risks. The director of the organization, explaining its contract requirements, points out that by eliminating waste and reducing bad debts medical costs to the patient are cut. An exception is made for indigent patients, who are permitted to pay by working in the garden.

The Search for Redfern

Exploration now and then means searching for lost explorers, and rescues in such cases are often more important than the original aim. Tragedy is sometimes the result, as when Roald Amundsen vanished in 1928 in a chivalrous attempt to rescue the survivors of the ill-fated Arctic expedition of the airship Italia. Shortly before the famous Italia disaster, Paul Redfern, an aviator, disappeared while trying to fly from Georgia to Rio de Janeiro. Every so often an Indian from the Guiana jungles turns up to claim that he has seen a white man resembling the lost aviator, and several unsuccessful attempts have been made to find him. Undaunted, two expeditions are at present in British Guiana, determined to find Redfern if he is still alive. One, sent out by the Canal Zone American Legion, is conducting its search by land; the other is equipped with a plane, in which Art Williams, former United States Army flier, will scout many thousands of square miles of jungle in the hope of locating Redfern.

Shanghai Débâcle

In Shanghai people said he had the Midas touch and certainly he was one of the richest Americans in China, this reserved, religiously minded taipan who owned a $150,000 mansion in an exclusive residential section of the city and sent his daughters to school in Europe. This man who had been spectacularly successful but so retiring that to the public he was almost a myth was on Feb. 3 sent to prison for five years for embezzlement. Frank J. Raven had come a cropper. More than thirty years before he had arrived in Shanghai, a civil engineer without funds, but he had soon become a partner in a leading real estate firm, and real estate in those days was a highly prosperous Shanghai enterprise. About 1912 he branched out for himself, at first on a small scale and then more ambitiously in what he called the Asia Realty Company. He made money, gained confidence and before long had formed the Raven Trust Company, which grew into the American-Oriental Banking Corporation, incorporated under the laws of Connecticut. Business steadily improved. A branch bank was opened in Tientsin, and there was talk of another in Foochow. But, clever though Raven might be, his affairs became so badly involved that in May, 1935, the empire he had built collapsed in Shanghai's worst financial débâcle of recent times. Before the crash the companies claimed assets of over $50,000,000, but when liquidated they will pay stockholders nothing, while, except for the Asia Realty Company, creditors will receive only a small fraction of what is due them.

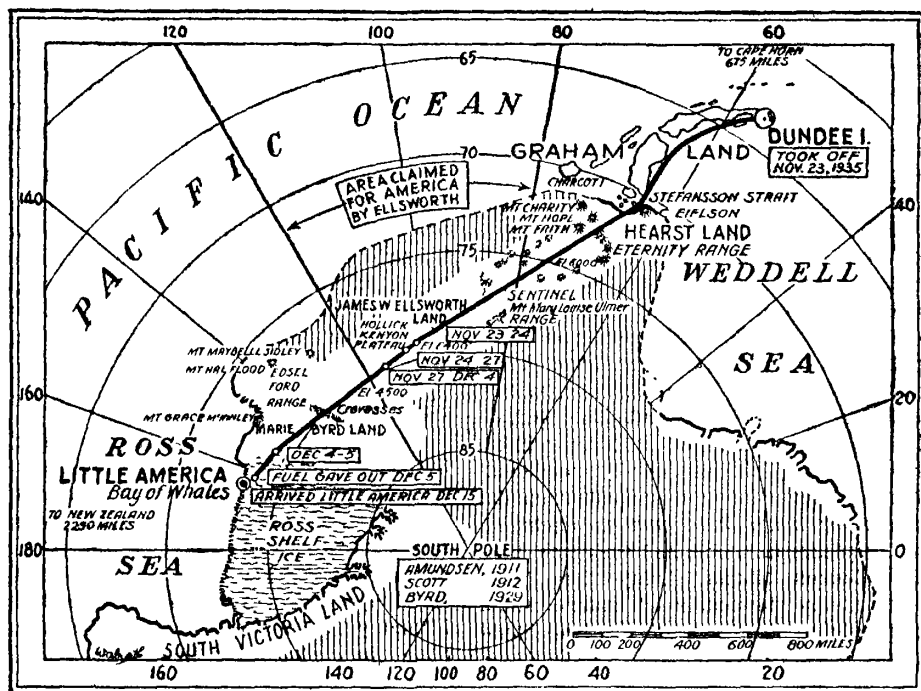
Nazi Reclamation Projects

Germany, deprived of her colonies by the Treaty of Versailles, is making a determined effort under the Nazis to take care of her rapidly growing population at home. About one-third of the country, or 43,500,000 acres, has hitherto been regarded as untillable, but the Nazi Ministry of Agriculture has developed plans to make more than half of this area suitable for cultivation by means of drainage, dikes, irrigation and roads. Other millions of acres of poor lands are to be improved. Half a million labor service youths and a large number of men on the emergency relief rolls will be employed in this work, and many of them will later be settled on the reclaimed land. While only 46,000,000 marks were spent on land reclamation in 1932, before the Nazis gained power, the amount devoted by them to this pur-

pose jumped to 270,000,000 marks in 1933 and to 382,000,000 marks in 1934.

A Caruso in Overalls

Shortly before Hitler's accession to power, German critics hailed Leo Magido of the Frankfort Opera as the living tenor who most nearly approached Caruso. Today Magido is a construction laborer in Tel Aviv, Palestine. He is only one of thousands of Jews who have had to abandon successful careers in music, art, law, medicine, science and business in Germany for manual labor of one sort or another in the Jewish National Home. The professions in Palestine are overcrowded and refugees of that class, whatever their past achievements, are obliged to learn a new livelihood. As there is a great deal of building in prosperous Palestine, many, like Magido, have found employment in that field. Others drive trucks and buses, work on irrigation projects or labor on the roads. Hundreds of them have become small farmers in the land settlements of the Keren Hayesod (the Palestine Foundation Fund).

Ellsworth's Flight Across Antarctica

Lincoln W. Ellsworth and his co-pilot, Herbert Hollick-Kenyon, made a 2,000-mile flight across the unexplored Pacific quadrant of the Antarctic continent between Nov. 23 and Dec. 5, 1935. Their fuel gave out when they were within twenty-five miles of Admiral Richard E. Byrd's old camp at Little America on the Ross Sea. Taking turn about in pulling each other on a small sledge, they reached their goal on Dec. 15. As their wireless had failed the first day, the news that they had safely completed their journey did not reach the outside world until Jan. 15, when the British scientific research ship Discovery II arrived off Little America. The map above shows the route taken by the fliers, the duration of their several landings and mountains and other geographical features observed by them. The shaded area remains unexplored. Admiral Byrd called the flight "one of the greatest in the annals of aviation."

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